



2 June 2020

Mr Christian Payne
President
Real Estate Employers' Federation

By e-mail: admin@reef.org.au

Dear Mr Payne

Real Estate Employers' Federation
Financial Report for the year ended 31 December 2019 - FR2019/364

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Real Estate Employers' Federation (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 22 May 2020.

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

Whilst the 2019 report has been filed the following should be addressed in the preparation of the next financial report.

1. General purpose financial report (GPFR)

Financial instruments disclosures

Australian Accounting Standard *AASB 7 Financial Instruments: Disclosures* details the reporting disclosures required by an entity in relation to financial instruments.

This information has not been provided.

Disclosure requirements - measured at fair value

Australian Accounting Standard *AASB 13 Fair Value Measurement* paragraph 93 identifies the disclosure requirements for when assets and liabilities are measured at fair value.

These disclosure requirements have not been sufficiently addressed in the GPFR.

Disclosure of audit fees

Australian Accounting Standard *AASB 1054 Australian Additional Disclosures* paragraph 10 requires the financial statements to separately disclose amounts paid to the auditor for the audit or review of the financial statements and for all other services performed.

The statement of comprehensive income discloses audit fees but does not break down this expenditure as described above. It should be noted that if any of the audit fee relates to other services performed, then a description of the nature of the other services must be provided (refer to *AASB 1054* paragraph 11).

Disclosure of employee provisions to office holders and other employees

The reporting guidelines require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 16(c) and 16(d)). Item 16(c) and 16(d) of the reporting guidelines also requires these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

Note 8A to the GPFR has disclosed annual leave and long service leave separately for office holders and employees, but does not separately disclose separation and redundancies and other employee provisions provided for officers and employees.

The reporting guidelines require that all employee and office holder provisions be detailed separately (refer to items 16(c) and 16(d)).

Item 21 in the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

Reporting guideline activities – not disclosed

Item 21 of the reporting guidelines states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included the GPFR or in an officer's declaration statement.

The notes/officer's declaration statement contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 14(f)(i) - pay wages and salaries to holders of office
- Item 14(f)(ii) - pay superannuation to holders of office
- Item 14(f)(iii) - pay leave and other entitlements to holders of office
- Item 14(f)(iv) - pay separation and redundancy to holders of office
- Item 14(f)(v) - pay other employee expenses to holders of office

Nil disclosures disclosed more than once

The **officer's declaration statement (ODS)** provides reporting units with an option to disclose nil activities not reported elsewhere within the financial report.

Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes **or** in an ODS. Nil activities should be disclosed only **once**.

I note that the reporting unit's ODS includes the following items for which there was already a disclosure in the body of the notes.

- Item 10 – agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount) – is disclosed in both the officer's declaration statement and Note 1.13;
- Item 12 - 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 – is disclosed in both the officer's declaration statement and Note 1.5;
- Item 13(a) – receive periodic or membership subscriptions – is disclosed in both the officer's declaration statement and statement of comprehensive income;
- Item 13(b) – receive capitation fees from another reporting unit or any other revenue from another reporting unit – is disclosed in both the officer's declaration statement and Note 3A;
- Item 13(c) – receive revenue via compulsory levies – is disclosed in both the officer's declaration statement and Note 3B;
- Item 13(d) – receive donations or grants – is disclosed in both the officer's declaration statement and Note 3D;
- Item 13(e) – receive revenue from undertaking recovery of wages activity – is disclosed in both the officer's declaration statement and Note 3E;
- Item 14(a) – incur fees as consideration for employers making payroll deductions of membership subscriptions – is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(b) – pay capitation fees or any other expense to another reporting unit – is disclosed in both the officer's declaration statement and Note 4B;
- Item 14(c) – pay affiliation fees to another entity – is disclosed in both the officer's declaration statement and Note 4C;
- Item 14(d) – pay compulsory levies – is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(e)(i) – pay a grant that was \$1,000 or less – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(e)(ii) – pay a grant that exceeded \$1,000 – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(e)(iii) – pay a donation that was \$1,000 or less – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(e)(iv) – pay a donation that exceeded \$1,000 – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(h) – pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit – is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(i) – incur expenses due to holding a meeting as required under the rules of the organisation – is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(j)(i) – pay legal costs relating to litigation – is disclosed in both the officer's declaration statement and Note 4G;
- Item 15(a) – have a receivable with another reporting unit – is disclosed in both the officer's declaration statement and Note 5B;

- Item 15(b) – have a payable with another reporting unit – is disclosed in both the officer’s declaration statement and Note 7A;
- Item 16(a) – have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions – is disclosed in both the officer’s declaration statement and Note 7B;
- Item 16(b)(i) – have a payable in respect of legal costs relating to litigation – is disclosed in both the officer’s declaration statement and Note 7B;
- Item 16(b)(ii) - have a payable in respect of legal costs relating to other legal matters – is disclosed in both the officer’s declaration statement and Note 7B;

2. Auditor’s statement

Auditor’s address

The auditor’s statement provided to the ROC did not include the auditor’s address as required by Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* paragraph 48. Section 257(8) of the RO Act requires that the form and content of the auditor’s statement be in accordance with Australian Auditing Standards.

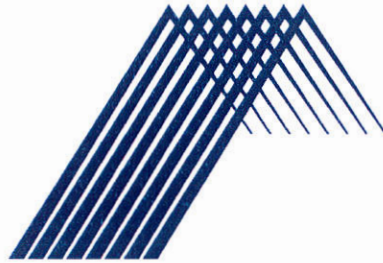
Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully



KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

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Real Estate Employers' Federation

Financial Statements

For the Period ending 31 December 2019

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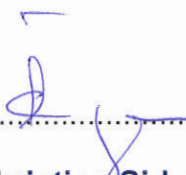
Real Estate Employers' Federation

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

Certificate by prescribed designated officer for the period ended 31 December 2019

I *Christian Sidney Payne* being the *President* of the Real Estate Employers' Federation certify:

- that the documents lodged herewith are copies of the full report for Real Estate Employers' Federation 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 28th April 2020; and
- that the full report was presented to a *general meeting of members* of the reporting unit on 20th May 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Christian Sidney Payne

President

Dated: 21 May 2020



STIRLING WILLIAMS
CHARTERED ACCOUNTANT
ABN 24 389 387 809

Independent Audit Report

to the Members of Real Estate Employers' Federation

Opinion

I have audited the financial report of Real Estate Employers' Federation (the reporting unit), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended 31 December 2019, 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 my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Real Estate Employers' Federation as at 31 December 2019, and its financial performance and its cash flows for the period ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

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

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

Responsibilities of Committee of Management for the Financial Report

The committee of management of the reporting unit 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 reporting unit'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 reporting unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the reporting unit audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I declare that I am an auditor registered under the RO Act.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matters because, in my opinion, it has been appropriately addressed by the Federation and is not considered material in the context of the audit of the financial report as a whole.

Stirling Williams

A handwritten signature in blue ink, appearing to read 'R Williams', with a stylized flourish at the end.

Roger Charles Williams

Partner

10 April 2020

Auditor Registration number 932

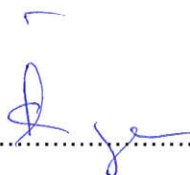
ROC Registration number AA2018/8

Real Estate Employers' Federation

Report required under subsection 255(2A) **for the period ended 31 December 2019**

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the period ended 31 December 2019.

| Categories of expenditures | 31/12/19 \$ |
|--|------------------------------|
| Remuneration and other employment-related costs and expenses - employees | 401,607 |
| Advertising | 29,809 |
| Operating costs | 210,848 |
| Donations to political parties | - |
| Legal costs | 21,046 |



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Christian Sidney Payne

President

Dated: 10 April 2020

Real Estate Employers' Federation

Operating report **for the period ended 31 December 2019**

The committee of management presents its operating report on the Real Estate Employers' Federation for the period ended 31 December 2019.

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

The principal activities of the Federation during the financial period were to provide support and services to the members of the Federation.

The Real Estate Employers' Federation was registered under two separate Acts of Parliament and the board of management decided that there was no ongoing need to maintain state registration. The committee of management applied for the cancellation of its registration under the Industrial Relations Act 1996 as an industrial organisation. This was approved by the Supreme Court of NSW and on 18 June 2019 all assets and liabilities of the state organisation were given or transferred to the federally registered body known by the same name and with the same objectives as the state organisation.

Significant changes in financial affairs

No significant changes in the nature of these activities occurred during the period.

Right of members to resign

Members' rights to resign are set out in Rule 8 of the Federation's Rules. In summary, a member may resign from membership by written notice addressed and delivered to the Chief Executive Officer at the registered office of the organisation.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

Not applicable.

Number of members

There were 1,494 members of this organisation as at 31 December 2019.

Number of employees

There were six full time and 2 part time employees of this organisation at 31 December 2019.

Real Estate Employers' Federation

Operating report for the period ended 31 December 2019 (continued)

Names of committee of management members and period positions held during the financial year

| Name | Position on the Committee | Period position held during the 2019 year | Name of company of which member is a representative | Principal Activity of company |
|-----------------|---------------------------|---|---|-------------------------------|
| Christian Payne | President | 19 June to 31 December 2019 | Real Estate Team Pty Limited | Real Estate services |
| Paul Deegan | Vice President | 19 June to 31 December 2019 | Rosecot Pty Limited | Real Estate services |
| Paul Byrne | Treasurer | 19 June to 31 December 2019 | Byrne Bros. Realty Pty Limited | Real Estate services |
| Fred Andriessen | Committee Member | 19 June to 31 December 2019 | Fred Andriessen & Associates Pty Limited | Real Estate services |
| Steve Martin | Committee Member | 19 June to 31 December 2019 | Syefile Pty Limited | Real Estate services |
| Joanne Thorpe | Committee Member | 19 June to 31 December 2019 | Mustex Pty Limited | Real Estate services |
| Anna Egri | Committee Member | 19 June to 31 December 2019 | JHS Realty Pty Limited | Real Estate services |
| Anthony Abboud | Committee Member | 19 June to 31 December 2019 | Snowden Parkes Real Estate Pty Limited | Real Estate services |

No Committee member held a company directorship or was a member of a Board of Directors because of their position on the Committee of Management of the Federation.



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Christian Sidney Payne

President

Dated: 10 April 2020

Real Estate Employers' Federation

Committee of management statement for the period ended 31 December 2019

On the 19th February 2020 the undersigned members of Real Estate Employers' Federation passed the following resolution in relation to the general purpose financial report (**GPFR**) for the period ended 31 December 2019:

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 year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and

- vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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



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Christian Sidney Payne

President

Dated: 20 February 2020

Real Estate Employers' Federation

Statement of comprehensive income for the period to 31 December 2019

| | Notes | Period to 31/12/19 \$ |
|--|-------|-----------------------------|
| Revenue | | |
| Membership subscription | | 645,604 |
| Capitation fees and other revenue from another reporting unit | 3A | - |
| Levies | 3B | - |
| Corporate relationships | | 6,800 |
| Investment income | 3C | 9,449 |
| Member services – Road Show | | 5,800 |
| Total revenue | | 667,653 |
| Other Income | | |
| Grants and/or donations | 3D | - |
| Revenue from recovery of wages activity | 3E | - |
| Total other income | | - |
| Total income | | 667,653 |
| Expenses | | |
| Employee expenses | 4A | 401,607 |
| Capitation fees and other expense to another reporting unit | 4B | - |
| Affiliation fee | 4C | - |
| Grants or donations | 4D | 500 |
| Administration expenses | 4E | 226,947 |
| Depreciation and amortisation | 4F | 8,710 |
| Legal costs | 4G | 21,046 |
| Audit fees | | 4,500 |
| Total expenses | | 663,310 |
| Surplus for the period | | 4,343 |
| Other comprehensive income | | |
| Items that will not be subsequently reclassified to profit or loss | | - |
| Total comprehensive income for the year | | 4,343 |

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

Real Estate Employers' Federation

Statement of financial position as at 31 December 2019

| | Note | 31/12/2019 \$ |
|----------------------------------|------|------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 5A | 1,427,098 |
| Trade and other receivables | 5B | 1,129 |
| Other current assets | 5C | 93,035 |
| Total current assets | | 1,521,262 |
| Non-current Assets | | |
| Strata property | 6A | 1,950,000 |
| Plant and equipment | 6B | 69,048 |
| Intangibles | 6C | 67,859 |
| Total non-current assets | | 2,086,907 |
| Total assets | | 3,608,169 |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade payables | 7A | 79,238 |
| Other payables | 7B | 49,400 |
| Employee provisions | 8A | 29,237 |
| Deferred income | | 874,316 |
| Total current liabilities | | 1,032,191 |
| Total liabilities | | 1,032,191 |
| Net assets | | 2,575,978 |
| EQUITY | | |
| Retained Earnings | 9 | 2,575,978 |
| Total equity | | 2,575,978 |

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

Real Estate Employers' Federation

Statement of changes in equity for the year ended 31 December 2019

| | Note | Total equity |
|---|------|--------------------------------|
| | | \$ |
| Value of net assets transferred from state-registered entity | 9 | 2,571,635 |
| Surplus for the period from 18 June to 31 December 2019 | | <u>4,343</u> |
| Balance at 31 December 2019 | | <u><u>2,575,978</u></u> |

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

Real Estate Employers' Federation

Statement of cash flows

for the period ended 31 December 2019

| | Note | 31/12/2019 \$ |
|--|------|-------------------------|
| OPERATING ACTIVITIES | | |
| Cash received | | |
| Subscriptions received | | 899,914 |
| Interest | | 8,320 |
| Members' services/briefings | | 5,800 |
| Other | | 6,800 |
| Cash used | | |
| Employees | | (452,357) |
| Suppliers | | (228,191) |
| Net cash provided by operating activities | 11A | <u>240,286</u> |
| INVESTING ACTIVITIES | | |
| Cash received | | |
| Proceeds from sale of plant and equipment | | - |
| Cash used | | |
| Purchase of plant and equipment | | (2,814) |
| Other | | - |
| Net cash used in investing activities | | <u>(2,814)</u> |
| Net increase in cash held | | 237,472 |
| Cash and cash equivalents acquired from the state registered entity | | <u>1,189,626</u> |
| Cash and cash equivalents at the end of the reporting period transferred to federally registered entity | 5A | <u>1,427,098</u> |

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

Real Estate Employers' Federation

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Real Estate Employers' Federation

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Real Estate Employers' Federation is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (**AASB 9**) replaces AASB139 *Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of *AASB 9 Financial Instruments* has had no impact on the financial statements of the entity for the current or prior period.

AASB 15 Revenue from Contracts with Customers

The adoption of *AASB 15 Revenue from contracts with customers* has had no impact on the financial statements of the entity for the current or prior period.

Future Australian Accounting Standards Requirements

No new standards, amendments to standards or interpretations that have been issued prior to the sign-off date which are applicable to the future reporting period are expected to have a future financial impact on the Real Estate Employers' Federation.

1.5 Acquisition of assets and or liabilities that do not constitute a business combination

The Real Estate Employers' Federation did not 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 the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.6 Revenue

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

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

Donation income is recognised when it is received.

Interest revenue is recognised on an accrual basis using the effective interest method.

1.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Real Estate Employers' Federation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the entity should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.8 Employee benefits

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

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. Real Estate Employers' Federation recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.10 Property, plant and equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an

estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations - Strata Buildings

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

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

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

| | 2019 |
|---------------------|---------------------|
| Plant and equipment | 1 to 5 years |

Derecognition

An item of buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.11 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation

is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of the Federation's intangible assets is:

2019

| | |
|-------------|---------------------|
| Intangibles | 1 to 5 years |
|-------------|---------------------|

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.12 Taxation

The Federation is exempt from income tax under section 23 (h) of the Income Tax Assessment Act 1997 however still has 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; 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 Australian Taxation Office is classified within operating cash flows.

1.13 Going concern

Real Estate Employers' Federation is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Note 2: Deregistration of State registered Entity

The Real Estate Employers' Federation was registered under two separate Acts of Parliament and the board of management decided that there was no ongoing need to maintain state registration. The committee of management applied for the cancellation of its registration under the Industrial Relations Act 1996 as an industrial organisation. This was approved by the Supreme Court of NSW and on 18 June 2019 all assets and liabilities of the state organisation were given or transferred to the federally registered body known by the same name and with the same objectives as the state organisation. A breakdown of the transfer is noted on Note 9.

Period to
31/12/19

Note 3 Income

3A: Capitation fees and other revenue from another reporting unit

| | |
|-----------------------|---|
| Capitation fees: | - |
| Total capitation fees | - |

3B Levies

| | |
|--------------|---|
| Levies | - |
| Total levies | - |

3C: Investment income

| | |
|--|-------|
| Interest Deposit with Bank Interest Deposits | 9,449 |
| Total investment income | 9,449 |

3D: Grants or donations

| | |
|---------------------------|---|
| Grants | - |
| Donations | - |
| Total grants or donations | - |

3E: Revenue from recovery of wages activity

| | |
|--|---|
| Amounts recovered from employers in respect of wages | - |
| Interest received on recovered money | - |
| Total revenue from recovery of wages activity | - |

Note 4 Expenses

4A: Employee expenses

Employees other than office holders:

| | |
|--------------------------------|-----------------------|
| Wages and salaries | 362,181 |
| Superannuation | 34,521 |
| Leave and other entitlements | (1,306) |
| Separation and redundancies | - |
| Other employee expenses | 6,211 |
| Total employee expenses | <u>401,607</u> |

4B: Capitation fees and other expense to another reporting unit

| | |
|------------------------------|-----------------|
| Capitation fees | - |
| Total capitation fees | <u>-</u> |

4C: Affiliation fees

| | |
|-------------------------------|-----------------|
| Affiliation fees | - |
| Total affiliation fees | <u>-</u> |

4D: Grants or donations

| | |
|--|-------------------|
| Grants: | |
| Total expensed that were \$1,000 or less | - |
| Total expensed that exceeded \$1,000 | - |
| Donations: | |
| Total expensed that were \$1,000 or less | 500 |
| Total expensed that exceeded \$1,000 | - |
| Total grants or donations | <u>500</u> |

Period to
31/12/19
\$

4E: Administration expenses

| | |
|--|----------------|
| Total paid to employers for payroll deductions of membership subscriptions | - |
| Compulsory levies | - |
| Fees/allowances - meeting and conferences | - |
| Conference, seminars and meeting expenses | 16,707 |
| Employer's Guide | 17,639 |
| Printing, postage and stationery | 17,308 |
| Marketing expenses | 29,809 |
| Information communications technology | 50,757 |
| Property expenses | 11,120 |
| Other admin expenses | 83,607 |
| Total administration expense | 226,947 |

4F: Depreciation and amortisation

| | |
|--|--------------|
| Depreciation | |
| Strata Building | - |
| Plant and equipment | 8,710 |
| Total depreciation | 8,710 |
| Amortisation | |
| Intangibles | - |
| Total amortisation | - |
| Total depreciation and amortisation | 8,710 |

4G: Legal costs

| | |
|--------------------------|---------------|
| Litigation | - |
| Other legal costs | 21,046 |
| Total legal costs | 21,046 |

31/12/19

\$

Note 5 Current Assets**5A: Cash and cash equivalents**

| | |
|--|------------------|
| Cash at bank | 266,599 |
| Cash on hand | 150 |
| Short term deposits | 1,160,349 |
| Total cash and cash equivalents | 1,427,098 |

5B: Trade and other receivables

| | |
|---|----------|
| Receivables from other reporting units | - |
| Total receivables from other reporting units | - |
| Less allowance for expected credit losses | - |
| Total allowance for expected credit losses | - |
| Net Receivable from other reporting units | - |

Other receivables:

| | |
|--|--------------|
| GST receivable | - |
| Other | 1,129 |
| Total other receivables | 1,129 |
| Total trade and other receivables (net) | 1,129 |

5C: Other current assets

| | |
|-----------------------------------|---------------|
| Prepayments: - | |
| Licence fee | 80,997 |
| Insurance | 1,063 |
| Subscriptions | 10,975 |
| Total other current assets | 93,035 |

Note 6 Non-current Assets**6A: Building**

| | |
|--------------------------|------------------|
| Strata Property | |
| fair value | 1,950,000 |
| accumulated depreciation | - |
| Total building | 1,950,000 |

31/12/19

\$

***Reconciliation of opening and closing balances
of strata building***

| | |
|---|-------------------------|
| Net book value transferred from state-registered entity at 18 June 2019 | 1,950,000 |
| Net book value 31 December 2019 | <u>1,950 000</u> |

The strata property was valued by Malcom Gunning on 6 November 2018 at \$1,950,000. The Committee has accordingly resolved that the carrying value at 31 December should remain at \$1,950,000.

6B: Plant and equipment

| | |
|----------------------------------|----------------------|
| Plant and equipment: | |
| at cost | 211,376 |
| accumulated depreciation | (142,328) |
| Total plant and equipment | <u>69,048</u> |

***Reconciliation of opening and closing balances
of plant and equipment***

| | |
|--|----------------------|
| Transferred from state-registered entity at 18 June 2019 | |
| Net book value | 208,562 |
| Accumulated depreciation and impairment | (133,618) |
| Net transfer at 18 June 2019 | <u>74,944</u> |
| Additions: | |
| By purchase | 2,814 |
| Depreciation expense | (8,710) |
| Net book value 31 December 2019 | <u>69,048</u> |

6C: Intangibles

| | |
|----------------------------|----------------------|
| Computer software at cost: | |
| Brand and website at cost | 67,859 |
| Purchased | - |
| Accumulated amortisation | - |
| Total intangibles | <u>67,859</u> |

31/12/19
\$

**Reconciliation of opening and closing balances
of intangibles**

| | |
|---|---------------|
| Transferred from state-registered entity at 18 June 2019 | |
| Net book value | 67,859 |
| Accumulated amortisation and impairment | - |
| Net transfer at 18 June 2019 | 67,859 |
| Additions: | |
| By purchase | - |
| Amortisation | - |
| Net book value 31 December 2019 | 67,859 |

Note 7 Current Liabilities

7A: Trade payables

| | |
|----------------------------------|---------------|
| Trade creditors and accruals | 12,250 |
| Goods and services tax | 66,988 |
| Payables to other reporting unit | - |
| Total trade payables | 79,238 |

Settlement is usually made within 30 days.

7B: Other payables

| | |
|---|---------------|
| Superannuation | 29,581 |
| Payable to employers for making payroll deductions of membership subscriptions | - |
| Legal costs | - |
| PAYG | 19,819 |
| Total other payables | 49,400 |

Note 8 Provisions

8A: Employee provisions

Office holders:

| | |
|--|----------|
| Annual leave | - |
| Long service leave | - |
| Subtotal employee provisions—office holders | - |

| | 31/12/19 |
|--|----------------------|
| | \$ |
| Employees other than office holders: | |
| Annual leave | 28,985 |
| Long service leave | 252 |
| <i>Subtotal employee provisions—employees other than office holders</i> | <u>29,237</u> |
| Total employee provisions | <u><u>29,237</u></u> |
| | |
| Current | 29,237 |
| <i>Total employee provisions</i> | <u><u>29,037</u></u> |

Note 9: Equity

On 18 June 2019, members' funds of the state-registered entity was transferred to the federal-registered entity

| | |
|--|-------------------------|
| Funds transferred on 18 June 2019 | 2,571,635 |
| Net surplus attributable to ordinary activities for the period 18 June to 31 December 2019 | 4,343 |
| Equity at 31 December 2019 | <u><u>2,575,978</u></u> |

Funds transferred are represented by: -

| | |
|---------------------------|-------------------------|
| Cash and cash equivalents | 1,189,626 |
| Other current assets | 43,600 |
| Strata property | 1,950,000 |
| Plant and equipment | 74,944 |
| Intangibles | 67,859 |
| Trade and other payables | (79,947) |
| Employee provisions | (54,441) |
| Deferred income | (620,006) |
| Net transfer | <u><u>2,571,635</u></u> |

Note 10: Other specific disclosures - funds

| | |
|-----------------------------------|-----------------|
| Other funds required by rules | |
| Balance as at start of the period | - |
| Transferred to reserve | - |
| Transferred out of reserve | - |
| Balance as at end of the period | <u><u>-</u></u> |

Note 11: Cash Flow**11A: Cash flow reconciliation****Reconciliation of cash and cash equivalents
as per balance sheet to cash flow statement:****Cash and cash equivalents as per:**

| | |
|--------------------------|-----------|
| Cash flow statement | 1,427,098 |
| Balance sheet | 1,427,098 |
| <i>Difference</i> | - |

**Reconciliation of surplus to net cash from
operating activities**

| | |
|------------------------|-------|
| Surplus for the period | 4,343 |
|------------------------|-------|

Adjustments for non-cash items

| | |
|---------------------------|---------|
| Depreciation/amortisation | 8,710 |
| Charges to provisions | (1,306) |

**Cash Flow in operating activities but not in
operating surplus**

| | |
|--------------------------|----------|
| Payment out of provision | (23,898) |
|--------------------------|----------|

Changes in assets/liabilities

| | |
|---|----------|
| (Increase)/decrease in net receivables | 16,424 |
| Increase/(decrease) in trade and other payables | (18,297) |
| Increase/(decrease) in deferred income | 254,310 |

| | |
|---|----------------|
| Net cash from operating activities | 240,286 |
|---|----------------|

Note 12 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).

Real Estate Employers' Federation

Officer declaration statement

I, Christian Sidney Payne, being the President of the Real Estate Employers' Federation, declare that the following activities did not occur during the reporting period ending 31 December 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive 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 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 receivable with other reporting unit(s)
- 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 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
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Christian Sidney Payne

President

Dated: 10th April 2020