



7 July 2020

Jason Letchford
Secretary
The Shearing Contractors' Association of Australia

Dear Jason

Re: – Financial reporting – The Shearing Contractors' Association - for year ending 30 November 2019 (FR2019/285)

I refer to the financial report of The Shearing Contractors' Association of Australia in respect of the year ending 30 November 2019. The documents were lodged with the Registered Organisations Commission ('ROC') on 3 June 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 30 November 2020 may be subject to an advanced compliance review.

You do not have to take any further action in respect of the financial report lodged. However I make the following comments to assist when preparing the next report.

General purpose financial report [GPFR]

Nil activity disclosures

Item 21 of the reporting guidelines states that if any 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 an officer's declaration statement.

In last year's correspondence we identified various nil activity disclosure omissions and duplications. Whilst most of these were addressed in the 2019 report, I noted the following omissions:

- RG13(c) - receive revenue via compulsory levies
- RG14(c) - pay affiliation fees to another entity
- RG14(j) - pay legal costs relating to (i) litigation, (ii) other legal matters¹

I also noted the omission of nil activity disclosure² in respect of RG14(f),(g) employee expenses and RG16(c),(d) employee provisions³ which appeared in previous reports.

¹ The total expenditure balance for "legal costs" in the s255(2A) report is a separate disclosure requirement of subsection 255(2A)(e).

² The statement in Note 10A that the Association has no employees is noted but not identical.

³ The line item "provisions" in the statement of financial position is not specific [cf. AASB 137.10]

I noted a duplication in respect of RG14(k) “pay a penalty imposed under the RO Act or the *Fair Work Act 2009*” [see Note 4B and the officer declaration statement].

I noted a nil activity disclosure in respect of RG14(i) “incur expenses due to holding a meeting as required under the rules of the organisation” in the officer declaration statement which appeared inconsistent with the balance of \$17,933 for meeting and conference expenses at Note 4B.

Finally, I noted a nil activity disclosure in respect of RG17(d) “have a balance within the general fund” in the officer declaration statement. I take this opportunity to clarify the meaning of this item for future reference, and draw attention to the definition of “general fund” in the glossary on page 11/13 of the Reporting Guidelines. Having regard to the definition, the balance of total equity of \$326,135 appears to be equivalent to the ‘balance of the general fund’ for the purposes of this reporting guideline and accordingly a nil activity disclosure for this item is not applicable.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA

ABN 82 193 025 602

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 NOVEMBER 2019**

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

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THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

s268 *Fair Work (Registered Organisations) Act 2009*

Certificate for the year ended 30 November 2019

I, Jason Letchford, being the Secretary of the Shearing Contractors Association of Australia certify:

- that the documents lodged herewith are copies of the full report for The Shearing Contractors Association of Australia for the period ended 30 November 2019 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 10 March 2020; and
- that the full report was presented to a general meeting of members on 29 May 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Jason Letchford

Title of prescribed designated officer: Secretary

Dated: 1st June 2020

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602



Page, Harrison & Co

CHARTERED • ACCOUNTANTS

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE SHEARING
CONTRACTORS ASSOCIATION OF AUSTRALIA**

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of The Shearing Contractors Association of Australia (the Reporting Unit) which comprises the statement of financial position as at 30 November 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 November 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 The Shearing Contractors Association of Australia as at 30 November 2019, and its financial performance and its cash flows for the year 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.



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CHARTERED • ACCOUNTANTS

INDEPENDENT AUDIT REPORT TO THE MEMBERS (CONT.)

Information Other than the Financial Report and Auditor's Report Thereon (Cont.)

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.



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CHARTERED • ACCOUNTANTS

INDEPENDENT AUDIT REPORT TO THE MEMBERS (CONT.)

Auditor's Responsibilities for the Audit of the Financial Report (Cont.)

- 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 approved auditor registered under the RO Act.

Page Harrison & Co
Chartered Accountants

A handwritten signature in black ink, appearing to read 'JR' with a stylized flourish.

JASON ROCHAIX
Director

Sydney

Date: 6 March 2020

Registration number (as required by the RO Commissioner under the RO Act): AA2018/40

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 NOVEMBER 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 November 2019.

Categories of expenditures	2019	2018
	\$	\$
Remuneration and other employment-related costs and expenses - employees	-	-
Advertising	1,332	1,000
Operating costs	206,640	227,125
Donations to political parties	-	-
Legal costs	-	-

Signature of prescribed designated officer:



Name of prescribed designated officer: Jason Letchford

Title of prescribed designated officer: Secretary

Dated: 8 February 2020

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA

ABN 82 193 025 602

OPERATING REPORT

The Committee of Management presents its report on the Reporting Unit for the financial year ended 30 November 2019.

Review of principal activities

The principal activities of the association during the financial year were to look after the interests of shearing contractors around Australia, including;

- Negotiation of pay rates and conditions of the shearing industry labour force
- Disseminate statutory and helpful information to members
- Provide discounted merchandise to members
- Provision of industry specific material and resources to streamline operations

Results of principal activities

The Association's principal activities resulted in the preservation of the interests of shearing contractors allowing them to operate within a financially viable environment; along with the preservation of the interests of the industry in general.

Significant changes in the nature of principal activities

There were no significant changes in the nature of the Association's principal activities during the financial year.

Significant changes in financial affairs

There were no significant changes in the nature of the Association's financial affairs during the financial year.

Right of members to resign

In accordance with the resignation rule (Rule 12) a member has the right to resign from the Association.

Officers or members who are superannuation fund trustee(s) 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

No officer or member of the Association was:

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Number of members

The number of members who were recorded at the end of the financial year was 181.

Number of employees

The number of persons who were employed by the Association at the end of the financial year was -NIL.

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

OPERATING REPORT (CONT.)

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

The persons who held office as members of the Committee of Management of the Association during the reporting period (unless otherwise stated):

Name	Position	Date
Michael Schofield	President	
Noel Canty	Vice President	
Warren Kimber	Vice President	
Trevor King	Trustee	
Steven Rigby	Trustee	
Jamie Tippet	Committee of Mgmt Member	
Lincoln Munroe	Committee of Mgmt Member	Resigned 31/5/2019
Frank Sutherland	Committee of Mgmt Member	
Andrew Morrison	Committee of Mgmt Member	
Jason Letchford	Secretary	
Damien Raudino	Committee of Mgmt Member	Appointed 31/5/2019
Brendan Sullivan	Committee of Mgmt Member	Appointed 31/5/2019

Signature of designated officer:



Name and title of designated officer: Jason Letchford (Secretary)

Dated: 8 February 2020

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

COMMITTEE OF MANAGEMENT STATEMENT

On the 8 February 2020 the Committee of Management of the Association passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 November 2019:

The Committee of Management declares that in its opinion:

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

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer:



Name and title of designated officer: Jason Letchford (Secretary)

Dated this day: 8 February 2020

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2019

	Note	2019 \$	2018 \$
Revenue			
Membership subscription		88,962	94,839
Capitation fees and other revenue from another reporting unit		-	-
Sales of merchandise		102,683	126,255
Interest	3A	5,117	2,624
Other revenue		12,950	-
Total revenue		209,712	223,718
Other Income			
Grants and/or donations		-	-
Revenue from recovery of wages activity		-	-
Total other income		-	-
Total income		209,712	223,718
Expenses			
Capitation fees and other expense to another reporting unit		-	-
Administration expenses	4A	(43,576)	(45,041)
Consultants and contractors		(62,737)	(59,502)
Cost of sales		(88,604)	(109,871)
Grants or donations	4B	-	-
Rent		(8,555)	(8,295)
Audit fees	11	(6,500)	(5,417)
Total expenses		(209,972)	(228,126)
Total comprehensive income for the year		(260)	(4,408)

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

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	313,627	328,598
Trade and other receivables	5B	39,715	10,969
Inventories	5C	1,529	1,185
Other current assets	5C	-	2,240
Total current assets		354,871	342,992
Total assets		354,871	342,992
LIABILITIES			
Current Liabilities			
Trade payables	6A	28,736	10,864
Other payables	6B	-	5,733
Provisions		-	-
Total current liabilities		28,736	16,597
Total liabilities		28,736	16,597
Net assets		326,135	326,395
EQUITY			
General funds	7A	112,413	112,413
Retained earnings (accumulated deficit)		213,722	213,982
Total equity		326,135	326,395

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

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2019

	Note	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 December 2017		112,413	218,390	330,803
Surplus / (deficit) for the year		-	(4,408)	(4,408)
Closing balance as at 30 November 2018		112,413	213,982	326,395
Surplus / (deficit) for the year		-	(260)	(260)
Closing balance as at 30 November 2019		112,413	213,722	326,135

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

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2019

	Note	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Customers and members		193,836	243,021
Receipts from other reporting units/controlled entity(s)		-	-
Interest		5,117	2,624
Other		-	-
Cash used			
Suppliers		(213,924)	(228,636)
Payment to other reporting units/controlled entity(s)		-	-
Net cash from (used by) operating activities	8A	(14,971)	17,009
Net increase (decrease) in cash held		(14,971)	17,009
Cash & cash equivalents at the beginning of the reporting period		328,598	311,589
Cash & cash equivalents at the end of the reporting period	5A	313,627	328,598

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

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

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THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

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 Shearing Contractors Association of Australia 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 year.

1.3 Significant accounting judgements and estimates

There are no accounting assumptions or estimates 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 Standards

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

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

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement. The adoption of this standard did not have an impact on the Reporting Unit as the only financial asset is Trade Receivables and there are no expected credit losses in relation to this asset as these are historically recoverable in full.

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 1 Summary of significant accounting policies (Cont.)

1.4 New Australian Accounting Standards (Cont.)

Future Australian Accounting Standards

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on The Shearing Contractors Association of Australia include:

Standard	Application date of standard	Application date for Association	Impact
AASB 16 Leases	1 January 2019	1 December 2019	Introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The Association does not foresee any material impact on its financial statements from the application of this standard.
AASB 1058 Income of Not-for-Profit Entities	1 January 2019	1 December 2019	Supersedes all the income recognition requirements relating to not-for-profit entities. The Association is assessing the potential impact on its financial statements resulting from the application of this standard.
2018-1 Annual Improvements 2015-2017 Cycle	1 January 2019	1 December 2019	Clarifies minor issues in a number of accounting standards. The Association does not foresee any material impact on its financial statements from the application of this standard.

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

The Shearing Contractors Association of Australia did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*, a restructure of the branches of the Association or 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.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 1 Summary of significant accounting policies (Cont.)

1.6 Revenue (Cont.)

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. These expected credit losses have been determined to be nil at reporting date.

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

1.7 Leases

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

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.8 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes 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 Financial instruments

Financial assets and financial liabilities are recognised when a The Shearing Contractors Association of Australia entity becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and The Shearing Contractors Association of Australia's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, The Shearing Contractors Association of Australia initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
ABN 82 193 025 602

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 1 Summary of significant accounting policies (Cont.)

1.10 Financial instruments (Cont.)

Initial recognition and measurement (Cont.)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Shearing Contractors Association of Australia's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that The Shearing Contractors Association of Australia commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Shearing Contractors Association of Australia measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Shearing Contractors Association of Australia's financial assets at amortised cost includes trade and other receivables.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Shearing Contractors Association of Australia has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - The Shearing Contractors Association of Australia has transferred substantially all the risks and rewards of the asset, or
 - The Shearing Contractors Association of Australia has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 1 Summary of significant accounting policies (Cont.)

1.10 Financial instruments (Cont.)

Derecognition (Cont.)

When The Shearing Contractors Association of Australia has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the [reporting unit] continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

- **Trade receivables**

For trade receivables that do not have a significant financing component, The Shearing Contractors Association of Australia applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, The Shearing Contractors Association of Australia does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Shearing Contractors Association of Australia has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and determined that, as historically trade debtors are fully recoverable, there are no ECLs.

1.11 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Shearing Contractors Association of Australia's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 1 Summary of significant accounting policies (Cont.)

1.11 Financial Liabilities (Cont.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.12 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.13 Taxation

The Shearing Contractors Association of Australia is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 and has no obligation for Fringe Benefits Tax (FBT) as the reporting unit has no employees. However, the Association still has obligation for 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 cash flow statement 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.

1.18 Fair value measurement

The Shearing Contractors Association of Australia measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 1 Summary of significant accounting policies (Cont.)

1.18 Fair value measurement (Cont.)

The principal or the most advantageous market must be accessible by the reporting unit. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The reporting unit uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the reporting unit determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the reporting unit has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.18 Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal trading activities and the realisation of assets and settlement of liabilities in the normal course of business. The Association's continued existence is ultimately dependent upon future sales of merchandise and member subscriptions.

The Shearing Contractors Association of Australia is not reliant on the agreed financial support of another reporting unit to continue as a going concern basis.

Note 2 Events after the reporting period

There were no events that occurred after 30 November 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of The Shearing Contractors Association of Australia.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

	2019	2018
	\$	\$
Note 3 Income		
Note 3A: Interest		
Deposits	5,117	2,624
Loans	-	-
Total interest	5,117	2,624
Note 4 Expenses		
Note 4A: 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	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-
Note 4B: Administration expenses		
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Fees/allowances – meetings and conferences	-	-
Conference and meeting expenses	17,933	25,218
Advertising & promotion	3,332	1,000
Office expenses	8,938	9,768
Information communications technology	6,336	2,339
Other	7,037	6,716
Total administration expenses	43,576	45,041
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	313,627	328,598
Total cash and cash equivalents	313,627	328,598

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

	2019	2018
	\$	\$

Note 5B: Trade and Other Receivables

Receivables from other reporting unit[s]		
Total receivables from other reporting unit[s]	-	-
<hr/>		
Less provision for doubtful debts		
Total receivables from other reporting unit[s] (net)	-	-
<hr/>		
Other receivables:		
GST receivable from the Australian Taxation Office	5,802	4,664
Other amounts receivable from the Australian Taxation Office	1,100	-
Other trade receivables	32,813	6,305
Total other receivables	39,715	10,969
Total trade and other receivables (net)	39,715	10,969
		<hr/>

Note 5C: Other Current Assets

Stock on hand	1,529	1,185
Prepayments	-	2,240
Total other current assets	1,529	3,425
		<hr/>

Note 6 Current Liabilities

Note 6A: Trade payables

Trade creditors and accruals	28,736	10,864
Subtotal trade creditors	28,736	10,864
<hr/>		
Payables to other reporting unit[s]		
Subtotal payables to other reporting unit[s]	-	-
Total trade payables	-	-
<hr/>		
Settlement is usually made within 30 days.		

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

	2019	2018
	\$	\$
Note 6B: Other payables		
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs	-	-
Prepayments received	-	5,733
Total other payables	-	5,733
Total other payables are expected to be settled in:		
No more than 12 months	-	5,733
More than 12 months	-	-
Total other payables	-	5,733
Note 7 Equity		
Note 7A: Funds		
General Fund		
Balance as at start of year	112,413	112,413
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	112,413	112,413
Total Reserves	112,413	112,413
Note 8 Cash Flow		
Note 8A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	313,627	328,598
Statement of financial position	313,627	328,598
Difference	-	-
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	(260)	(4,408)
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	(26,508)	4,056
(Increase)/decrease in inventories	(343)	765
Increase/(decrease) in trade and other payables	12,140	16,596
Net cash from (used by) operating activities	(14,971)	17,009

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 9 Contingent Liabilities, Assets and Commitments

Note 9A: Commitments and Contingencies

Operating lease commitments—as lessee

There are no operating lease commitments as at 30 November 2019.

Capital commitments

At 30 November 2019 the entity has commitments of \$Nil (2018:Nil).

Finance lease commitments—as lessee

There are no finance lease commitments as at 30 November 2019.

Other contingent assets or liabilities

The entity is not subject to any other contingent obligations for the year ended 30 November 2019.

Note 10 Related Party Disclosures

Note 10A: Related Party Transactions for the Reporting Period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2019	2018
	\$	\$
Expenses paid to Michael Schofield includes the following:		
President's Honorarium	<u>5,000</u>	<u>5,000</u>
Expenses paid to Jason Letchford includes the following:		
Secretarial, administrative and bookkeeping services	<u>46,700</u>	<u>45,500</u>
Rent	<u>8,555</u>	<u>8,295</u>

Terms and conditions of transactions with related parties

The honorarium is paid on an annual basis in agreement with the Committee of Members.

The fees paid to Jason Letchford are paid to his sole trader business for services provided in maintaining the books and records of the Association as the Association has no employees. The terms are on normal commercial terms agreed by the Committee of Members.

The Association has no permanent address and therefore rent is paid to Jason Letchford for the use of his property in conducting the business of the Association. These payments are made in agreement with the Committee of Members.

There are no amounts payable to or receivable from any related party as at 30 November 2019.

THE SHEARING CONTRACTORS ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 11 Remuneration of Auditors

Value of the services provided

Financial statement audit services	6,500	5,417
Other services	-	-
Total remuneration of auditors	6,500	5,417

No other services were provided by the auditors of the financial statements.

Note 12 Financial Instruments

Note 12A: Financial Assets

Held-to-maturity investments:

Cash at bank	313,627	328,598
Total	313,627	328,598

Loans and receivables:

Trade receivables	32,813	6,305
GST receivable	5,802	4,664
Other receivables	1,100	-
Total	39,715	10,968
Carrying amount of financial assets	353,342	339,566

Note 12B: Financial Liabilities

Other financial liabilities:

Trade payables	28,736	10,864
Total	28,736	10,864
Carrying amount of financial liabilities	28,736	10,864

Note 12C: Interest Rate Risk

The following details the Association's exposures to interest rates risk as at 30 November 2019:

- Cash on hand of \$313,627 attracting a variable interest rate of 2%-2.5% (2018:\$328,598 at 2%-2.5%)

Note 12D Credit Risk

Credit risk refers to the risk that a counterparty will default on its contracted obligations resulting in financial loss to the Association. The Association has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Association measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Association's maximum financial exposure to credit risk without taking account of the value of any collateral or other security obtained.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

Note 12 Financial Instruments (Cont.)

Note 12D Credit Risk (Cont.)

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2019	Trade and other receivables					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	1%	1%	
Total gross carrying amount	23,507	642	2,902	5,762	-	32,813
Expected credit loss	-	-	-	58	-	58

Note 13 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).

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OFFICER DECLARATION STATEMENT

I, Jason Letchford, being the Secretary of The Shearing Contractors Association of Australia, declare that the following activities did not occur during the reporting period ending 30 November 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- 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 a penalty imposed under the RO Act or the Fair Work Act 2009
- 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

Signed by the officer: *J Letchford*

Dated: 8 February 2020