



# NSW FARMERS' ASSOCIATION

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## CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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# **NSW FARMERS' ASSOCIATION DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors of the NSW Farmers Association (the "Association") present their report on the Association for the year ended 31 December 2007.

## **Directors**

The names and details of the directors in office during the financial year and up to the date of this report are:

<b>Director</b>	<b>Date Appointed</b>	<b>Date Resigned</b>	<b>Qualifications</b>
A S Forrest	26/07/2001		Farmer
A J Laurie	26/07/2001		Farmer
J S Rogers	24/07/2003		Farmer
G H Morphett	22/07/2004		Farmer
C Armstrong	17/07/2005		Farmer
R M Clark	17/07/2005		Farmer
A Brown	17/07/2005		Farmer
CJ Groves	17/07/2005	20/07/2007	Farmer
L J Burge	27/03/2007		Farmer
J B Moxey	20/07/2007		Farmer

## **Principal Activities**

The principal activity of the Association is the representation of members to State and Federal Governments and others, and the encouragement and promotion of the development of primary industry.

## **Review of Operations and Significant Changes in State of Affairs**

The net profit / (loss) of the Association for the year was :

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
NSW Farmers' Association	<u>(540,215)</u>	<u>1,203,443</u>

Other than that noted above there have been no significant change in the nature of the Association's activities and its state of affairs during the year.

## **Likely developments**

The Association expects to maintain the present status and level of operations and hence there are no likely developments in the Association's operations.

## **Dividends**

As the Association is limited by guarantee, no dividends are paid or payable to the members.

## **Insurance of officers**

During the financial year, the Association paid a premium to insure the Directors and Officers of the Association. The directors have not disclosed details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

## **Environmental Issues**

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**NSW FARMERS' ASSOCIATION  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

**Meetings of directors**

The numbers of meetings of the Association's Board of Directors and of each Board Committee held during the year ended 31 December 2007, and the numbers of meetings attended by each director were:

	Number of Meetings Directors		Number of Meetings Committee	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
A S Forrest	12	11	-	-
A J Laurie	12	12	-	-
J S Rogers (ii)	11	11	7	7
G H Morphett	12	12	-	-
R M Clark	12	12	8	6
C T Armstrong	12	12	8	8
A J Brown	12	11	3	3
L J Burge	12	12	-	-
J B Moxey	12	12	-	-

(i) Number of meetings held during the time the director held office or was a member of the Committee during the year.

(ii) J S Rogers had leave of absence from the Board from 1 November 2007 till 31 December 2007.

**Matters Subsequent to the end of the Financial Year**

Since balance date there has been a decrease in the market value of the Association's investments as a result of the share market downturn primarily occurring in January 2008. As at 31 May 2008 the Association's investments had declined by \$2,127,344 based upon the Investment Managers' reported investment portfolio holdings as at 31 May 2008 and after removing the impact of any contributions or withdrawals from the portfolio since balance date. The Board continues to monitor the Association's position and will further review the investment position prior to the Association's annual general meeting to be held on 31 July 2008. There were no material movements in market value from 31 May 2008 to the date of the Directors' Report.

**Proceedings on Behalf of the Association**

No person has applied for leave of Court to bring proceedings on behalf of the Association or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings.

The Association was not a party to any such proceedings during the year.

**Non-Audit Services**

The Association may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Association are important.

The auditors did not provide any non-audit services during the year.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 to the financial report.

**Dated at Sydney this 3rd day of June 2008.**

Signed in accordance with a resolution of the Board of Directors.



A J LAURIE  
Director



C T ARMSTRONG  
Director

# **NSW FARMERS' ASSOCIATION**

## **FINANCIAL COMMENTARY**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

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The predominant effect on the annual performance was the decline in the sharemarket in the last two months of year when the ASX200 declined 5.4%. The overall deficit in the Association was \$540,215 (2006 : surplus of \$1,203,443).

The net operating deficit defined as the operating revenues of \$3,677k (2006,\$3,610k), (subscriptions, sponsorship, commercial and project income) less operating expenditure of \$10,680k (2006, \$11,488k) (staff costs, office and general, promotional, annual conference and representatives costs) has declined by \$876k compared to 2006. Overall the total net operating deficit for the Association has decreased to \$7,002k.

The principal factor contributing to this was the continued cost reduction program. Staffing has been kept at the same levels as the previous year but there have been vacancies in positions during the year and a reduction in the average salary. Staff expenses reduced by \$778k compared to 2006.

Office and general expenses \$3,074k, representational costs \$1,847k, promotional \$633k were consistent with 2006 expenditure and annual conference costs at \$354k was \$83k higher.

Operating revenues remained consistent with previous years despite membership subscriptions reducing by \$108k mainly as a result of the continued drought. There was an increase in the subscription fees of 3% for CPI as approved by the Board following the 2006 Annual Conference motion.

The return on the investments declined from a surplus of \$5,182k in 2006 to a deficit of \$2,076k. The Board diversified from two managers to five managers, including the Industrial Association, in order to spread risk factors for both the number of managers and the types of investments held but the overall market decline was severe.

This in turn affected the management fee paid to the Association from the NSW Farmers (Industrial) Association of \$5,974k (2006: \$4,018k).

A total of \$389,324 (\$100,000 sponsorship fee and \$289,325 project funding contributions) was paid to the related company Australian Farm Institute under the new funding agreement (2006: \$476,939).

#### **Balance Sheet Commentary**

The cash at bank is higher in 2007 by \$720,000 as there was cash received on behalf of the Graham Park Dairy Trust which was transferred on 2 January 2008.

Trade and other receivables is \$600,000 lower than 2006 after the funds for the Goobang litigation were received in February 2007.

Prepayments are higher in 2007 as a result of rent prepaid on 66 Goulburn St. This has been repaid by the landlord in 2008.

Financial Assets at fair value are higher in 2008 as a result of NSW Farmers (Industrial) Association funds of \$7,593,000 being placed with the Association's Investment Funds Managers. As a result, trade and other creditors are higher in 2007.

Other non-current liabilities of \$789,089 reflect the incentives offered to the Association to lease 66 Goulburn St for refurbishment of the offices and the rent free period.

**NSW FARMERS' ASSOCIATION**  
**INCOME STATEMENT**  
**For the Year Ended 31 December 2007**

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	<u>Note</u>	<u>2007</u> \$	<u>2006</u> \$
Revenue	2	14,090,468	8,903,559
Other income	2(ii)	-	5,181,775
Expenses paid on behalf of the controlled entity		-	(476,939)
Project funding contributions paid to related entity		(289,325)	-
Sponsorship paid to a related entity		(100,000)	-
Depreciation and Amortisation		(358,600)	(372,116)
Staff Expenses		(4,545,956)	(5,324,389)
Promotional Expenses		(632,754)	(644,324)
Representative Expenses		(1,847,363)	(1,858,038)
Annual Conference		(354,766)	(271,947)
Other Expenses		(2,940,151)	(3,016,996)
Finance costs		(1,194,472)	(789,440)
Investment Expenses		(2,367,296)	(127,702)
(Loss)/ Profit for the year		<u>(540,215)</u>	<u>1,203,443</u>
Income tax expense		-	-
(Loss)/ Profit for the year		<u><u>(540,215)</u></u>	<u><u>1,203,443</u></u>

To be read in conjunction with the Notes to these financial statements.

**NSW FARMERS' ASSOCIATION**  
**BALANCE SHEET**  
**As At 31 December 2007**

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	854,207	44,234
Trade and other receivables		491,826	922,019
Other Assets		549,488	259,772
<b>TOTAL CURRENT ASSETS</b>		<u>1,895,521</u>	<u>1,226,025</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		2	2
Financial assets at fair value through profit and loss		44,346,335	34,823,851
Property, plant and equipment		1,136,624	778,976
Intangible assets		-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>45,482,961</u>	<u>35,602,829</u>
<b>TOTAL ASSETS</b>		<u>47,378,482</u>	<u>36,828,854</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,469,612	1,125,328
Borrowings		18,829,806	216,836
Provisions		351,744	473,008
Other		1,098,041	1,270,650
<b>TOTAL CURRENT LIABILITIES</b>		<u>21,749,203</u>	<u>3,085,822</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		4,631,313	1,664,431
Borrowings		-	11,236,806
Provisions		276,883	369,586
Other		789,089	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>5,697,285</u>	<u>13,270,823</u>
<b>TOTAL LIABILITIES</b>		<u>27,446,488</u>	<u>16,356,645</u>
<b>NET ASSETS</b>		<u>19,931,994</u>	<u>20,472,209</u>
<b>ACCUMULATED FUNDS</b>			
Retained earnings		19,931,994	20,472,209
<b>TOTAL MEMBERS' FUNDS</b>		<u>19,931,994</u>	<u>20,472,209</u>

To be read in conjunction with the Notes to these financial statements.

**NSW FARMERS' ASSOCIATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 31 December 2007**

<u>2007</u>	<u>Retained</u> <u>Profits</u> \$
Equity as at beginning of period	20,472,209
<b>Changes</b>	
Profit for the year	<u>(540,215)</u>
<b>Equity as at 31 December 2007</b>	<u>19,931,994</u>
	<u>Retained</u> <u>Profits</u>
<b>2006</b>	
Equity as at beginning of period	19,268,766
<b>Changes</b>	
Profit for the year	<u>1,203,443</u>
<b>Equity as at 31 December 2006</b>	<u>20,472,209</u>

**CASH FLOW STATEMENT**  
**For the Year Ended 31 December 2007**

	<u>2007</u> \$	<u>2006</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts:-		
Member subscriptions	2,023,445	2,175,090
Management fees received from a related entity	5,982,301	4,026,000
Other activities	<u>2,520,916</u>	<u>1,297,852</u>
	10,526,662	7,498,942
Cash payments:-		
Expenses paid on behalf of a related entity	-	(476,939)
Suppliers and employees	(10,941,481)	(10,192,019)
Finance costs paid	<u>(801,202)</u>	<u>(789,440)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(1,216,021)</u>	<u>(3,959,456)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(298,800)	(138,250)
Net withdrawals from investment portfolio	<u>(7,549,073)</u>	<u>4,934,873</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>(7,847,873)</u>	<u>4,796,623</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of borrowings from a related entity	10,090,703	6,674
Repayment of borrowings to a related entity	-	(747,926)
Repayment of lease liabilities	<u>(216,836)</u>	<u>(200,683)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>9,873,867</u>	<u>(941,935)</u>
<b>NET DECREASE IN CASH HELD</b>	809,973	(104,768)
Cash held at the beginning of the year	<u>44,234</u>	<u>149,002</u>
<b>CASH HELD AT THE END OF THE YEAR</b>	<u>854,207</u>	<u>44,234</u>

To be read in conjunction with the Notes to these financial statements.

**NSW FARMERS' ASSOCIATION**  
**NOTES TO THE CONCISE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**1. STATEMENT OF ACCOUNTING POLICIES**

**(a) Basis of preparation of concise financial report**

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The concise report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and cash flows of the Association as the full financial report. A full description of the accounting policies adopted by the Association may be found in the full financial report.

<b>2. (i) REVENUE</b>	<u><b>2007</b></u>	<u><b>2006</b></u>
	\$	\$
Commercial Revenue	849,447	891,761
Project Income	670,343	750,282
Subscriptions Income	2,066,723	2,175,090
Sponsorship Income	90,846	87,486
Investment Income	4,340,709	861,209
Rental Income	83,346	101,513
Management Fees - related entities	5,982,301	4,026,000
Sundry income	6,753	10,218
	<u>14,090,468</u>	<u>8,903,559</u>
<b>(ii) OTHER REVENUE</b>		
Fair value gains on financial assets at fair value through profit or loss	-	5,181,775
	<u>-</u>	<u>5,181,775</u>

**3. CASH**

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and monies on deposit at call. Cash at year end as shown in the statement of Cash Flow Statement is reconciled to the relevant balance sheet items as follows:

Cash on hand	500	500
Cash at bank	853,707	43,734
	<u>854,207</u>	<u>44,234</u>

**4. SEGMENT REPORTING**

The Association operates as a representative body to members in the primary production industry in New South Wales, Australia.

**5. FULL FINANCIAL REPORT**

Further financial information can be obtained from the full financial report which is available from the Association, free of charge, on request. A copy may be requested by calling the Member Service Centre on 1300 794 000. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at : [www.nswfarmers.org.au](http://www.nswfarmers.org.au).

## **NSW FARMERS' ASSOCIATION DIRECTORS' DECLARATION**

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The directors declare that in their opinion, the concise financial report of the Association for the year ended 31 December 2007 as set out on pages 2 to 10 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and the specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 31 December 2007.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Association as the full financial report, which as indicated in note 5, is available free of charge on request.

**Dated at Sydney this 3rd day of June 2008.**

Signed in accordance with a resolution of the Board of Directors



A J LAURIE  
Director



C T ARMSTRONG  
Director

# INDEPENDENT AUDITORS REPORT

**AUDITORS INDEPENDENCE DECLARATION (TO INSERT)**