

NSW FARMERS' (INDUSTRIAL) ASSOCIATION

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT OF OPERATIONS
DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Principal activities

The principal activities of NSW Farmers' (Industrial) Association ("the Association") are the provision of Industrial Relations Services, management of investment funds and investment property and receipting of Membership subscription funds. This is consistent with the principal activities of the Association in 2014.

Review of operations

The net profit for the year was:

	<u>2015</u> \$	<u>2014</u> \$
NSW Farmers' (Industrial) Association	<u>5,140,331</u>	<u>2,903,439</u>

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

The income from dividends and trust distributions was \$355,455 (2014: \$283,276). The fair value gain on financial assets was \$353,194 (2014: gain of \$954,335) which was reflective of movement in local and international equity and bond markets.

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

A significant difference in operating expenditure was the increase in management fee income to \$1,821,947 (2014: expense of \$475,944) paid by the Association to NSW Farmers' Association. The method of calculation ensures that the proportion of net assets is maintained between the two associations.

The Association has developed and leased all available floors at the 35 Chandos St, St Leonard's property. The result of the financial year has been significantly impacted by a fair value gain relating to this investment property of \$1,591,868 (2014: \$1,045,296).

The valuation basis of investment properties is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction as at valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Association, and to market based yields for comparable properties. This policy will result in more reliable and more relevant information on the market value of the Association's investment properties.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT OF OPERATIONS
DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Additional information:

- a) Number of Members at 31 December 2015 – 4,509 (2014: 4,532);
- b) Number of full-time employees who served for the complete financial year ended 31 December 2015 – 3 (2014: 3);
- c) Members can resign in accordance with Clause 13 of the Rules of the Association;
- d) No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation; and
- e) The following are Members of the Committee: R Chamen, M Horan, D Clarke, W Dunford, H Dalton, D Schoen, P Wilson, J Jackson, M Clapham and M Brand.

Dated at Sydney this 14 April 2016.
On behalf of the Executive Committee

D Schoen
President



D Clarke
Treasurer



**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
CERTIFICATE OF SECRETARY OR OTHER AUTHORISED OFFICER
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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

- That the documents lodged herewith are copies of the full report, referred to in s268 of the FW(RO) Act;
- That the full report will be available for Members from 21 July 2016 upon request at no charge to the Member or from the internet;
- That the full report will be sent to all Members on or before 21 July 2016;
- That the full report will be presented to a general meeting of Members of the reporting unit on the 14 April 2016 in accordance with section 266 of the FW(RO) Act.

For the Executive Committee:

Dated this 14 April 2016



D Clarke
Treasurer

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

On 14 April 2016, the Executive Committee of the NSW Farmers' (Industrial) Association ("reporting unit") passed the following resolution in relation to the general purpose financial report ("GPFR") of the reporting unit for the financial year ended 31 December 2015.

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

- (a) The financial statements and notes comply with the Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) There are reasonable grounds to believe that the reporting unit will be able to pay 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 FW(RO) Act; and
 - iv. No information has been sought in any request of a member of the reporting unit or a registrar duly made under section 272 of the FW(RO) Act during the period; and
 - v. No orders have been made for inspection of financial records by the Fair Work Commission under section 273 of the FW(RO) Act.
- (f) None of the following activities have happened during the reporting period:
 - i. acquisition of assets or liabilities as result of an amalgamation, restructure, certificate under section 245 or revocation of same under section 249 of the FW(RO) Act
 - ii. revenue from grants and/or donations
 - iii. revenue from recovery of wages
 - iv. affiliation fees (expense) to external entity
 - v. compulsory levies (expense)
 - vi. grants and donations (expenses) by amount category
 - vii. allowances paid for attendance at meetings
 - viii. costs in respect of the holding of meetings
 - ix. legal and litigation costs
 - x. costs in respect of penalties or fines under the FW(RO) Act
 - xi. liabilities in respect of legal matters or litigation

Dated at Sydney this 14 April 2016.
On behalf of the Executive Committee



D Schoen
President



D Clarke
Treasurer

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

We have audited the accompanying financial report of NSW Farmers' (Industrial) Association ("the Association"), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and statement by members of the Committee as set out on pages 7 to 32.

Committee's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

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

Deloitte

Opinion

In our opinion:

- (a) the financial report of NSW Farmers' (Industrial) Association presents fairly, in all material respects, the association's financial position as at 31 December 2015 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements under Section 253 of the Fair Work (Registered Organisations) Act 2009 ("the Act") and the requirements imposed by Part 3 of Chapter 8 of the Act; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Tarocho Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants
Sydney, 14 April 2016

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
Revenue	4	2,231,497	2,193,200
Market movement in investments at fair value through profit and loss		353,194	954,335
Recharged employee benefits expense		(275,852)	(269,877)
Promotional expenses		(20,000)	(20,200)
Management fee – NSW Farmers' Association		1,821,947	(475,944)
Depreciation and amortisation		(15,030)	(33,126)
Gain on movement in fair value of investment property		1,591,868	1,045,296
Investment expenses		(132,179)	(100,083)
Office and general expenses		(385,944)	(412,097)
Profit for the year	5	5,169,501	2,881,504
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of available-for-sale investment through investment revaluation reserve		(29,170)	21,935
Total comprehensive Income for the year		5,140,331	2,903,439

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	15(a)	1,839,959	3,848,527
Trade and other receivables	6	10,296,187	6,099,920
Other assets	7	17,665	33,019
TOTAL CURRENT ASSETS		12,153,811	9,981,466
NON-CURRENT ASSETS			
Other financial assets	8	19,316,268	18,201,220
Property, plant and equipment	9	38,096	53,127
Investment property	10	12,587,121	11,187,126
TOTAL NON-CURRENT ASSETS		31,941,485	29,441,473
TOTAL ASSETS		44,095,296	39,422,939
CURRENT LIABILITIES			
Trade and other payables	11	54,119	81,439
Other liabilities	12	188,900	173,165
Borrowings	13	558,231	1,014,620
TOTAL CURRENT LIABILITIES		801,250	1,269,224
TOTAL LIABILITIES		801,250	1,269,224
NET ASSETS		43,294,046	38,153,715
MEMBERS' FUNDS			
Retained earnings		42,784,345	37,614,844
Reserves		509,701	538,871
TOTAL MEMBERS' FUNDS		43,294,046	38,153,715

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Retained earnings	Investment revaluation reserve	Total
	\$	\$	\$
Balance at 1 January 2014	34,733,340	516,936	35,250,276
Profit for the year	2,881,504	-	2,881,504
Other comprehensive income	-	21,935	21,935
Total comprehensive loss for the year	2,881,504	21,935	2,903,439
Balance at 31 December 2014	37,614,844	538,871	38,153,715
Balance at 1 January 2015	37,614,844	538,871	38,153,715
Profit for the year	5,169,501	-	5,169,501
Other comprehensive income	-	(29,170)	(29,170)
Total comprehensive profit for the year	5,169,501	(29,170)	5,140,331
Balance at 31 December 2015	42,784,345	509,701	43,294,046

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Inflows:			
Member subscriptions		729,543	346,797
Rental income		886,685	746,821
Interest income		9,205	3,692
Other income		<u>30,068</u>	<u>48,272</u>
		1,655,501	1,145,582
Outflows:			
Suppliers and employees		<u>(634,066)</u>	<u>(962,790)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	15(b)	<u>1,021,435</u>	<u>182,792</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Investment property		-	(65,417)
Dividend and trust distributions		604,558	636,092
Net (re-investment in) / withdrawal from investment portfolio		<u>(1,247,412)</u>	<u>1,035,287</u>
NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES		<u>(642,854)</u>	<u>1,605,962</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net loan to a related party		<u>(2,387,149)</u>	<u>(2,130,476)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(2,387,149)</u>	<u>(2,130,476)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS HELD		(2,008,668)	(341,722)
Cash and cash equivalents at the beginning of the year		<u>3,848,527</u>	<u>4,190,249</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15(a)	<u>1,839,859</u>	<u>3,848,527</u>

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. General information

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

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

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

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

2. Significant accounting policies

Statement of compliance

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

The financial statements cover NSW Farmers' (Industrial) Association as an individual entity. For the purposes of preparing the financial statements, the Association is a not-for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the Association comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the Executive Committee on 14 April 2016.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Adoption of new and revised Accounting Standards

In the current year, the Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. No new and revised standards and Interpretations that have been adopted in the current period have affected the amounts reported in these financial statements (refer note 2(m)).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Association's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(a) Foreign currency

The financial statements of the Association are presented in its functional currency being the currency of the primary economic environment in which the entity operates. The results and financial position of the Association is expressed in Australian dollars, which is the functional currency of NSW Farmers' (Industrial) Association and the presentation currency for the financial statements.

(b) Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(c) Revenue

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

Dividend and interest revenue

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

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

Membership subscription income

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

Project income

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

Distribution income

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

Other income

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

Rent income

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

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(c) Unearned revenue

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

(d) Cash and cash equivalents

Cash comprises demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of the acquisition.

(e) Financial assets

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

Other financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss', 'available-for-sale financial assets', 'held to maturity' investments and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At 31 December 2015, the Association had no held to maturity investments.

Effective interest method

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

Financial assets at fair value through profit or loss

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

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

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 16.

Loans and receivables

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

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(e) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets held by the Association consist of Units in NFF Unit Trust. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve with the exemption of impairment losses, interest calculated using the effective method and foreign exchange gains and losses which are recognised directly in profit or loss. Fair value is determined in the manner described in Note 16.

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

Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Costs include all expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Plant and Equipment 3-5 years

(g) Investment property

Investment properties are properties held to earn rentals and/or capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

(h) Impairment of long-lived assets

At each reporting date, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(i) Employee benefits

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

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

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

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

(j) Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Financial instruments issued by the Association

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(l) Leased assets

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

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

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

(m) Adoption of new and revised Accounting Standards

In the current year, the Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Association include:

AASB 2014-1 'Amendments to Australian Accounting Standards'

- Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles'
- Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
- Part C: 'Materiality'

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Significant accounting policies (continued)

(m) Adoption of new and revised Accounting Standards (continued)

Standards and Interpretations in issue and not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 December 2018
• AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
• AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
• AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
• AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
• AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016
• AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Non-for-Profit Public Sector Entities'	1 July 2016	31 December 2017
• AASB 2015-7 'Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities'	1 July 2016	31 December 2017
• AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	31 December 2016

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

IFRS 16 <i>Leases</i>	1 January 2019	31 December 2019
Disclosure Initiative (Amendments to IAS 7)	1 January 2017	31 December 2017

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Critical accounting estimates and judgments

The Executive Committee of the Association evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association. Key estimates and critical judgments include estimation of fair values of investment properties and classification of investments as "financial assets at fair value through profit or loss".

4. REVENUE

	2015 \$	2014 \$
Dividend and trust distribution income	355,455	283,276
Subscription income	700,980	758,324
Interest income	219,178	315,750
Project income	16,580	25,000
NFF House Unit Trust distribution	39,130	40,758
Contributions – Special Purpose Fund	-	278
Rental income	886,685	746,821
Other income	13,489	22,993
	<u>2,231,497</u>	<u>2,193,200</u>

5. PROFIT FOR THE YEAR

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

	2015 \$	2014 \$
Changes in fair value on financial assets designated at fair value through profit or loss	(353,194)	(954,335)
Consultancy fees – projects	4,743	24,735
Employee benefit expenses:		
Defined contribution plans	23,577	20,690
Salaries and wages	248,176	223,680
Gain on movement in fair value of investment property	(1,591,868)	(1,045,296)

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. TRADE AND OTHER RECEIVABLES

Accounts receivable from related entity:			
- NSW Farmers' Association	(1)	10,246,761	6,037,666
Accounts receivable from third parties		55,236	44,563
GST receivable		(5,810)	14,215
Accrued income			3,476
		10,296,187	6,099,920

(1) At the balance date, the related party receivable balance is repayable on demand, however the Directors have given an undertaking to NSW Farmers' Association that it will provide financial support to NSW Farmers' Association should they need it to enable them to repay their other debts as or when they fall due.

	2015	2014
	\$	\$
7. OTHER ASSETS		
Current:		
Prepayments	17,665	33,019

	2015	2014
	\$	\$
8. OTHER FINANCIAL ASSETS		
Financial assets at fair value through profit or loss		
Financial assets in quoted securities -- at fair value	18,521,568	17,377,348
Available-for-sale financial assets		
Investment in NFF House Trust -- at fair value	794,700	823,872
	19,316,268	18,201,220

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. PROPERTY, PLANT AND EQUIPMENT

	Field Day Sheds \$	Artworks \$	Furniture & Fittings \$	Total \$
2015				
Gross carrying amount				
Balance at the beginning of year	6,000	20,155	75,192	101,347
Additions	-	-	-	-
Balance at the end of year	6,000	20,155	75,192	101,347
Accumulated depreciation				
Balance at the beginning of year	-	-	48,220	48,220
Depreciation expense	-	-	15,031	15,031
Balance at the end of year	-	-	63,251	63,251
Net book value				
As at 31 December 2015	6,000	20,155	11,941	38,096
2014				
Gross carrying amount				
Balance at the beginning of year	6,000	20,155	75,192	101,347
Additions	-	-	-	-
Balance at the end of year	6,000	20,155	75,192	101,347
Accumulated depreciation				
Balance at the beginning of year	-	-	15,094	15,094
Depreciation expense	-	-	33,126	33,126
Balance at the end of year	-	-	48,220	48,220
Net book value				
As at 31 December 2014	6,000	20,155	26,972	53,127

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. INVESTMENT PROPERTY

	2015	2014
Fair value	\$	\$
Investment property	12,587,121	11,187,126
Balance at beginning of year	11,187,126	9,887,126
Additions	-	65,417
Movement in lease incentive	(191,873)	189,287
Gain on property revaluation	1,591,868	1,045,296
Balance at the end of the year	12,587,121	11,187,126

The fair values as at 31 December 2015 have been arrived at on the basis of a valuation determined principally on the income capitalisation method of valuation. The Association has applied the capitalisation rates obtained from independent valuers, LandMark White, to the market rent of the property. In estimating the fair value of the properties, the highest and best use of the properties has been used.

The property was last valued by an independent valuer as at 31 December 2013, by LandMark White, independent valuers.

The fair value remeasurement gain is shown in the reconciliation note above.

The Association has classified its property assets as Level 3 hierarchy assets due to their fair value being based on unobservable inputs as follows:

Class of property	Fair value hierarchy	Fair value 2015	Fair value 2014	Valuation technique	Key unobservable inputs	Input range		Relationship of unobservable input to fair value
						2015	2014	
Commercial	Level 3	12,000,000	10,800,000	Income capitalisation method	• Market rent	\$350-533m ²	\$350-533m ²	The higher the passing and market rent per square metre, the higher the fair value. The higher the capitalisation rate, the lower the fair value.
					• Capitalisation rate	7.25%	8.25%	
Residential	Level 3	587,126	587,126	Market comparison method	• Price per square metre	\$7,468	\$7,468	Higher the price per square metre, the higher the fair value.

A change in the income capitalisation rate of 0.25% would result in a fair value change (Increase/decrease) of \$34,132 (2014: \$29,506).

There were no transfers between hierarchy levels during the year.

The valuation process adopted by the directors includes engagement of suitably qualified independent, external valuers to conduct commercial property valuations on a periodic basis, but at least once every 3 years. During interim years, an internal valuation assessment is performed using external market data relating to capitalisation rates and internal rental data relating to the properties.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. TRADE AND OTHER PAYABLES

	<u>2015</u>	<u>2014</u>
	\$	\$
Current:		
Unsecured liabilities		
Trade payables (1)	7,783	10,438
Sundry creditors and accruals	47,336	71,001
	<u>54,119</u>	<u>81,439</u>

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

12. OTHER LIABILITIES

	<u>2015</u>	<u>2014</u>
	\$	\$
Current:		
Unearned income	188,900	173,165
	<u>188,900</u>	<u>173,165</u>

13. BORROWINGS

	<u>2015</u>	<u>2014</u>
	\$	\$
Current		
Margin lending facility	558,231	1,014,620

The margin lending facility is utilised in connection with the investment portfolio and bears an annual interest of 4.5% at reporting date (2014: 3.85%). Assets secured over the facility include quoted securities (Note 8) with a fair value of \$18,521,568 at balance date (2014: \$17,377,348).

14. RELATED PARTY TRANSACTIONS

(a) Transactions with Key Management Personnel

- i. There are no employee benefits paid to any holders of office in the Association.

(b) Transactions with other related parties:

- i. During the year, the entity received / (paid) management fees of \$1,821,947 (2014: -\$476,944) to NSW Farmers' Association, a related entity.
- ii. The entity has provided loans to and received advances from NSW Farmers' Association, a related entity. These loans and advances are unsecured, interest free and repayable on demand. Refer Note 6 for balance outstanding at year end.
- iii. In December 2012, the Association entered into a five year lease agreement with NSW Farmers' Association for the rental of the premises at 35 Chandos Street, St Leonard's. The annual rental is \$294,294 (2014: \$285,722).

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

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

	2015 \$	2014 \$
Cash at bank	386,711	1,996,103
Cash held with investment manager	1,453,248	1,852,424
	<u>1,839,959</u>	<u>3,848,527</u>

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

	2015 \$	2014 \$
Profit for the year	5,169,501	2,881,504
Change in fair values of financial assets held at fair value through profit and loss	(353,194)	(954,335)
Dividend and interest income	(604,558)	(636,092)
Management fee to related entity (non-cash)	(1,821,947)	475,944
Depreciation on plant and equipment	15,030	33,128
Gain on movement in fair value of investment property	(1,591,868)	(1,045,298)
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	12,828	(29,586)
Decrease/(increase) in other current asset	15,355	118,126
Increase in deferred lease incentive	191,873	(189,287)
(Decrease)/increase in deferred income	15,735	(476,487)
Increase/(decrease) in trade and other payables	(27,320)	5,175
Cash flows provided by/(used in) operating activities	<u>1,021,435</u>	<u>182,792</u>

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Executive Committee has overall responsibility for the establishment and oversight of the Association's financial management framework. The Board of a related entity – NSW Farmers' Association has an established Finance and Audit Committee ("Finance Committee"), which is responsible for developing and monitoring the Association's financial management policies. The Committee provides regular reports to the Board of Directors on its activities.

The Association's risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities.

The Finance Committee will oversee how Management monitors compliance with risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks.

The main risk arising from the Association's financial instruments are price risk, foreign exchange risk, interest rate risk, credit risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Capital risk management

The Executive Committee's policy is to maintain a strong capital base so as to maintain members' confidence and to sustain future development of the Association. There were no changes in the Association's approach to capital management during the period.

The Association's capital structure comprises cash, short-term deposits, investments and other financial assets. The main purpose of these financial instruments is to raise finance for and fund the Association's operations. The Association has various other financial instruments such as trade debtors and creditors, which arise directly from its operations.

(c) Categories of financial instruments

	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	1,839,959	3,848,527
Loans and receivables	10,296,188	6,099,920
Available-for-sale financial assets	794,700	823,872
Financial assets designated as fair value through profit or loss	18,521,568	17,377,348
	<u>31,452,415</u>	<u>28,149,667</u>
Financial liabilities		
Trade and other payables	54,119	81,439
Margin lending facility	558,231	1,014,620
	<u>612,350</u>	<u>1,096,059</u>

(d) Market risk

Market risk is the risk that changes in market prices, foreign exchange rates, and interest rates, will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

There has been no change to the Association's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (continued)

(d) Market risk (continued)

Interest rate risk management

The Association is exposed to interest rate risk as a consequence of its cash and deposits balances which attracts average variable interest rates as well as a margin lending facility exposed to variable interest rates.

Interest rate risk sensitivity analysis

The sensitivity analysis below have been determined based on the Association's exposure to interest rates for its financial assets and financial liabilities as at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Association's:

- profit for the year ended 31 December 2015 would decrease/increase by \$9,200 (2014: decrease/increase by \$19,243). This is mainly attributable to the Association's exposure to interest rates on its variable rate deposits.

Equity price sensitivity

The Association is exposed to equity price risk as a consequence of its fair value through profit and loss assets as set out in Note 8.

The Association has taken steps to limit the risk by spreading the financial assets into different asset classes.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

A 5% increase or decrease is used when reporting market price risk internally to key management and represents management's assessment of the possible change in equity prices.

The sensitivity analysis below have been determined based upon the Association's exposure to market prices at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if market prices had been 5% higher or lower and all other variables were held constant, the Association's net profit would increase/decrease by approximately \$926,078 (2014: \$868,867).

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (continued)

(d) Market risk (continued)

Foreign exchange risk sensitivity

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

The main currency exposure is US dollars (USD) with US denominated equity investments totalling to USD 4,366,375 (AUD 5,989,540) at balance date. This exposure is partially hedged through a USD denominated margin lending facility in place at balance date totalling USD 406,951 (AUD 558,231).

The sensitivity below has been determined based on a 5% movement in the AUD/USD at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date if the AUD/USD currency rate had been 5% higher or lower and all other variables were held constant, the Association's net profit (reflected via market movement in investments at fair value) would increase/decrease by approximately \$271,565 (2014: \$183,300).

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association. The Association has adopted a policy of only dealing with creditworthy counterparties. The main receivables balance relates to a related party – NSW Farmers' Association.

The Association establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade and other receivables.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Association's maximum exposure to credit risk.

(f) Liquidity risk management

Liquidity risk is the risk the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Association's overall objective is to maintain a balance between continuity of funding and flexibility through the use of its assets under investment management.

The Association manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (continued)

(f) Liquidity risk management (continued)

Liquidity and interest risk tables

The following table details the Association's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Association can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 year \$	1 - 2 years \$	Longer than 2 years \$
2015				
Financial liabilities				
Non-interest bearing	-	54,119	-	-
Variable interest rate instruments	4.50	558,231	-	-
		612,350	-	-
2014				
Financial liabilities				
Non-interest bearing	-	81,439	-	-
Variable interest rate instruments	3.65	1,014,620	-	-
		1,096,059	-	-

The following table details the Association's remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Association anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 year \$	1 - 2 years \$	Longer than 2 years \$
2015				
Financial assets				
Non-interest bearing	-	24,582,152	-	-
Fixed interest rate instruments	5.75	257,850	-	-
Variable interest rate instruments	3.31	6,612,612	-	-
		31,452,414	-	-
2014				
Financial assets				
Non-interest bearing	-	19,519,026	-	-
Fixed interest rate instruments	5.75	265,000	-	-
Variable interest rate instruments	2.60	8,365,641	-	-
		28,149,667	-	-

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (continued)

(g) Fair value of financial instruments

This note provides information about how the Association determines the fair values of various financial assets and financial liabilities.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31/12/2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Non-derivative financial assets designated as at fair value through profit or loss	18,521,568	-	-	18,521,568
Available-for-sale financial assets				
Unquoted equities	-	-	794,700	794,700
Total	18,521,568	-	794,700	19,316,268

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

	31/12/2014			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Non-derivative financial assets designated as at fair value through profit or loss	17,377,348	-	-	17,377,348
Available-for-sale financial assets				
Unquoted equities	-	-	823,872	823,872
Total	14,860,614	-	823,872	18,201,220

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (continued)

(g) Fair value of financial instruments (continued)

Fair value of the Association's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Association's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and inputs(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/2015 \$	31/12/2014 \$				
Financial assets at fair value through profit or loss – Listed securities	18,521,568	17,377,348	Level 1	Quoted bid prices in an active primary market	N/A	N/A
Financial assets at fair value through profit or loss – Unlisted securities	-	-	Level 2	Quoted bid prices in a secondary market	N/A	N/A
Available-for-sale financial assets	794,700	823,872	Level 3	Proportionate net assets of investee company	Net assets of investee company	Higher the net assets, the higher the fair value

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

Reconciliation of Level 3 fair value measurements

Available-for-sale financial assets	2015 \$	2014 \$
Opening balance	823,872	801,937
Total gains or losses:		
- in other comprehensive income	(29,170)	21,935
Closing balance	794,700	823,872

17. KEY MANAGEMENT COMPENSATION

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

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

19. REMUNERATION OF AUDITORS

	2015	2014
	\$	\$
	<hr/>	<hr/>
Audit and review of financial reports	13,800	13,600
	<hr/>	<hr/>

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

20. SUBSEQUENT EVENTS

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

**NSW FARMERS' (INDUSTRIAL) ASSOCIATION
STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2015**

The members of the Committee declare that:

1. The financial statements and notes for the financial year ended 31 December 2015 present a true and fair view of the financial position of NSW Farmers' (Industrial) Association at 31 December 2015 and its performance for the financial year ended on that date in accordance with the Australian Accounting Standards (AIFRS) and Interpretations and the requirements under Section 253 of the *Fair Work (Registered Organisations) Act 2010* ("the FW(RO) Act");
2. At the date of this statement, there are reasonable grounds to believe that NSW Farmers' (Industrial) Association will be able to pay its debts as and when they become due and payable; and
3. In the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

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

Dated this 14 April 2016



D Schoen
President



D Clarke
Treasurer