

Rural Funds Management Limited

ABN 65 077 492 838

Financial Statements

For the Year Ended 30 June 2013

Rural Funds Management Limited

ABN 65 077 492 838

For the Year Ended 30 June 2013

DIRECTORY

Directors

David Bryant
Michael Carroll
Guy Paynter

Company Secretary

Stuart Waight

Auditors

Boyce Assurance Services Pty Limited
36 Bombala Street
COOMA NSW 2630

Registered Office

Level 2, 2 King Street
DEAKIN ACT 2600

Rural Funds Management Limited

ABN 65 077 492 838

For the Year Ended 30 June 2013

CONTENTS

	Page
Financial Statements	
Directors' Report	1
Independent Audit Report	7
Directors' Declaration	9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14
Auditor's Independence Declaration	45

Rural Funds Management Limited

ABN 65 077 492 838

Directors' Report

30 June 2013

The directors of Rural Funds Management Limited (RFM) present their report on the Company and its controlled entity for the financial year ended 30 June 2013.

Directors

The names of the directors in office at any time during, or since the end of the year are:

David Bryant
Michael Carroll
Guy Paynter

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities of the Company

The principal activity of the Company during the financial year was to act as the Responsible Entity for managed investment schemes and as Manager for an unlisted public company each of which operate for the purpose of generating capital appreciation and investment income. These managed entities operate in the rural sector. RFM's investment related services, in addition to funds management, include the operating activities relating to farm and asset management. The schemes are unit trusts with the exception of the three almond projects which are tax effective managed investment schemes and Lachlan Farming Limited which was a company.

Funds and sector

Fund	Acronym	Sector/asset
RFM Australian Wine Fund	AWF	Vineyard leasing
RFM Chicken Income Fund	CIF	Chicken growing
Agricultural Income Trust Fund 1	AIT	Vineyard leasing
RFM RiverBank	RBK	Almond orchard assets and property leasing
RFM StockBank	SBK	Livestock leasing operation
RFM Almond Fund 2006	AF06	Tax effective scheme for almond growers
RFM Almond Fund 2007	AF07	Tax effective scheme for almond growers
RFM Almond Fund 2008	AF08	Tax effective scheme for almond growers
RFM Land Trust	FLT	Undertaking asset realisation
RFM Australian Cotton Fund	ACF	In wind-up
Lachlan Farming Limited	LFL	In liquidation

On 30 November 2012 the members of Lachlan Farming Limited resolved to liquidate the company. A final distribution was paid to members of LFL on 26 July 2013 and the company was liquidated.

Rural Funds Management Limited

ABN 65 077 492 838

Directors' Report

30 June 2013

Review of operations

Results

The operating profit of the Group before tax for the period was \$716,715 (2012: \$403,795). The 2013 result reflects the increasing maturity of RFM's managed investment schemes as well as fair outcomes from RFM's direct agricultural pursuits.

RFM itself is well positioned operationally and financially to fulfil its responsibility to investors. Its net assets at balance date are \$12,296,125 (2012: \$11,826,430) including cash at bank of \$1,592,328 (2012: \$738,333).

The difficult economic environment for the growth of funds under management continued in 2013. The net fund inflow achieved for the year was \$5,256,643 (2012: \$5,988,287).

2013 equity inflows and redemptions

	Gross Inflows	Redemptions	Net Inflows
Fund			
RBK	112,094	-	112,094
SBK	5,305,031	160,482	5,144,549
	<u>5,417,125</u>	<u>160,482</u>	<u>5,256,643</u>

2012 equity inflows and redemptions

	Gross Inflows	Redemptions	Net Inflows
Fund			
RBK	4,858,287	-	4,858,287
SBK	1,130,000	-	1,130,000
	<u>5,988,287</u>	<u>-</u>	<u>5,988,287</u>

Note: The above numbers exclude inter-fund investments.

Rural Funds Management Limited

ABN 65 077 492 838

Directors' Report

30 June 2013

Review of operations (continued)

The table below summarises funds under management as at balance date and defined as the net equity value of investors' funds managed. Investments between entities have been eliminated at the lowest ownership level.

Entity	2013 \$m	2012 \$m
LFL	-	1.8
AWF	30.2	25.6
ACF	0.5	2.1
CIF	48.7	48.8
RBK	47.6	44.6
SBK	11.2	1.1
AF06	13.8	11.3
AF07	6.1	5.3
AF08	15.0	15.1
FLT	5.5	6.5
Net assets under management	178.6	162.2

Investments between entities which required elimination are CIF's investment in SBK and LFL's investment in ACF.

2013 Prospects

During the year RFM has been focused on securing stable returns and providing a liquidity mechanism for investors. RFM is expecting to issue an Explanatory Memorandum in the first half of the 2014 financial year for unitholders to vote on the proposed merger of RBK, CIF and AWF. Under the proposal, the new combined entity is expected to be listed on the Australian Securities Exchange. The restructure is expected to enable unitholders to unlock value in their investment by providing liquidity and the ability to exit their investment at a time of their choosing. It is also expected to lower the risk profile of the investment, increase diversification and provide the merged funds with greater access to capital markets.

In addition to the restructure, RFM plans to complete the wind up of small funds, expand farming operations and pursue profitable growth opportunities as they arise.

Dividends

A dividend of \$124,572 was declared and paid on 25 September 2012.

After balance day events

On 25 September 2013 a dividend of \$124,593 was declared and paid.

RFM was the successful applicant for the lease of RFM RiverBank's 91 almond groves in AF07 and 102 almond groves in AF08. The lease is to be effective from 1 July 2013, contracts are being finalised to effect this transaction.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Rural Funds Management Limited

ABN 65 077 492 838

Directors' Report

30 June 2013

Regulatory compliance

RFM holds an Australian Financial Services Licence and is required to meet financial requirements as determined by ASIC. During the year, RFM complied with the obligations relevant to its status as a Responsible Entity.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 45 of the financial report.

Director information

Guy Paynter - Non Executive Chairman

Guy was initially appointed to the RFM Board in February 2004. Following GSL's acquisition of RFM in September 2007, Guy resigned from the Board and was reappointed in April 2010. A former director of broking firm JB Were, Guy brings more than 30 years of experience in corporate finance to RFM. He is a former member of the Australian Securities Exchange and a former associate of the Securities Institute of Australia. Today he is Chairman of Aircruising Australia Ltd. His agricultural interests include cattle breeding in the Upper Hunter region.

Guy has a Bachelor of Laws from Melbourne University.

David Bryant - Managing Director

David is the founder and Managing Director of RFM. In 1992, whilst working as a financial planner David conceived the idea of offering well managed and large scale agricultural investment opportunities to retail and institutional investors. Over the following five years David undertook agricultural education and market research which led to the foundation of RFM in 1997.

From 1997 to 2013, David has built RFM from a manager of a single \$5 million asset into an agricultural fund manager operating nine investment funds that own \$307 million of assets in four states.

During the sixteen years that David has managed RFM, he has built a team of agricultural fund and farm management professionals.

As RFM has grown its assets under management, David has overseen the acquisition and development of numerous farming assets spread across industries and regions. Acquisitions have ranged from \$1 million to \$35 million and included more than 25 farms and over 60,000 ML of water entitlements. Developments have included \$30 million irrigated row crop developments, \$50 million of vineyards, \$60 million of broiler chicken farms and \$70 million of almond orchards.

David holds a Diploma of Financial Planning from the Royal Melbourne Institute of Technology and a Masters of Agribusiness from Melbourne University.

Rural Funds Management Limited

ABN 65 077 492 838

Directors' Report

30 June 2013

Director information (continued)

Michael Carroll - Non Executive Director

Michael Carroll serves a range of agribusiness companies in a board and advisory capacity. Board Positions include Warrnambool Cheese and Butter, Select Harvests, Sunny Queen Farms and Rural Funds Management. Advisory clients span Government, Major Banks and Institutional Investors and successful family owned agribusinesses. He is also on the board of the Australian Farm Institute and a member of the Marcus Oldham Foundation.

Prior to this Michael held a diverse array of executive positions. He was responsible for establishing and leading the National Australia Bank's Agribusiness division. Roles prior to this included several years as a Senior Adviser in the National's internal investment banking and corporate advisory team. Before joining the National, he worked for companies involved in the agriculture sector including Monsanto Agricultural Products and a biotechnology venture capital company.

Michael comes from a family who have been involved in agriculture for over 130 years and has his own property in western Victoria. He has completed the Advanced Management Program at Harvard Business School, Boston, a Masters in Business Administration at Melbourne University Business School and a Bachelor of Agricultural Science at La Trobe University.

Meetings of directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings	
	Eligible to attend	Number attended
David Bryant	13	13
Michael Carroll	13	13
Guy Paynter	13	13

Indemnifying officers or auditors

In accordance with the Articles of Association, the Company indemnifies the directors, the company secretary and all other officers of the company, when acting in those capacities, against costs and expenses in successfully defending certain proceedings.

The Company has an insurance contract relating to this indemnity.

The Company has not otherwise, during or since the end of the financial period, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Rural Funds Management Limited

ABN 65 077 492 838

Directors' Report

30 June 2013

Director's benefits

During or since the end of the financial period, no director of the Company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or an entity in which the director has a substantial financial interest made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive the benefit other than:

- i) a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 22 to the financial statements; or
- ii) the fixed salary of a full time employee of the Company or an entity that the Company controlled or a related body corporate.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



David Bryant
Director

Dated: 30 September 2013

Rural Funds Management Limited

ABN 65 077 492 838

Independent Audit Report to the members of Rural Funds Management Limited

Report on the financial report

We have audited the accompanying financial report of Rural Funds Management Limited and its controlled entity, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled during the year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 directors, 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.

36 Bombala Street
PO Box 56
Cooma NSW 2630

P 02 6452 3344
F 02 6452 4060
E infocooma@boyceca.com

www.boyceca.com

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



Rural Funds Management Limited

ABN 65 077 492 838

Independent Audit Report to the members of Rural Funds Management Limited

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Group for the year ended 30 June 2013 included on the website of Rural Funds Management Limited. The Directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This audit report refers only to the financial report identified above and does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Responsible Entity's website.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Rural Funds Management Limited on the date of this auditor's report.

Auditor's opinion

In our opinion:

- (a) the financial report of Rural Funds Management Limited and its controlled entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company and controlled entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

Dated: 30 September 2013

36 Bombala Street
PO Box 56
Cooma NSW 2630

P 02 6452 3344
F 02 6452 4060
E infocooma@boyceca.com

www.boyceca.com

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



Rural Funds Management Limited

ABN 65 077 492 838

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 44, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company and consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



David Bryant
Director

Dated: 30 September 2013

Rural Funds Management Limited

ABN 65 077 492 838

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$	2012 (restated) \$
Revenue		13,660,357	17,288,167
Increment in biological assets		260,191	633,529
Other income		669,633	529,185
Total revenue and other income	3	14,590,181	18,450,881
Direct farming expenses		(1,916,474)	(3,307,653)
Employee benefits expense		(5,916,087)	(7,341,285)
Depreciation, amortisation and impairments	4	(172,403)	(161,962)
Provision for price management commitment	17	(43,523)	79,438
Increment in Intangible assets	4,14	110,490	242,806
Decrement in investments	4	(2,345)	(253,058)
Cost of agricultural produce sold		(1,310,250)	(2,896,224)
Bad debt expense	4	(48,289)	(17,883)
Rebated fees		-	(417,961)
Property expenses		(1,235,752)	(996,114)
Commission paid to investor advisors		(802,887)	(850,932)
Professional fees		(265,025)	(499,502)
Other expenses		(1,318,056)	(1,236,601)
Finance costs	4	(4,218)	(42,473)
Marketing expenses		(366,266)	(222,532)
Repairs and maintenance expense		(579,549)	(125,150)
Loss on sale of fixed assets		(2,832)	-
Profit/(loss) before income tax		716,715	403,795
Income tax expense	6	(215,876)	(114,749)
Profit/(loss) attributable to members		500,839	289,046
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Net gain on revaluation of available for sale financial assets		133,469	324,456
Income tax relating to components of other comprehensive income		(40,041)	(97,337)
Other comprehensive income for the year, net of tax		93,428	227,119
Total comprehensive income for the year		594,267	516,165

The accompanying notes form part of these financial statements.

Rural Funds Management Limited

ABN 65 077 492 838

Consolidated Statement of Financial Position

30 June 2013

	Note	2013 \$	2012 (restated) \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,592,328	738,333
Trade and other receivables	8	3,090,636	4,180,616
Inventories	9	1,971,852	2,671,065
Biological assets	10	1,533,213	281,261
Other assets	11	498,667	621,525
Other financial assets	12	624,593	1,960,852
TOTAL CURRENT ASSETS		9,311,289	10,453,652
NON-CURRENT ASSETS			
Other financial assets	12	3,391,696	3,280,619
Property, plant and equipment	13	621,047	706,056
Intangible assets	14	864,695	735,970
Deferred tax assets	18	1,737,041	2,181,424
TOTAL NON-CURRENT ASSETS		6,614,479	6,904,069
TOTAL ASSETS		15,925,768	17,357,721
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	2,092,234	2,322,937
Interest bearing liabilities	16	56,439	881,713
Short-term provisions	17	1,382,655	1,994,350
TOTAL CURRENT LIABILITIES		3,531,328	5,199,000
NON-CURRENT LIABILITIES			
Other long-term provisions	17	80,647	126,157
Deferred tax liabilities	18	17,668	206,134
TOTAL NON-CURRENT LIABILITIES		98,315	332,291
TOTAL LIABILITIES		3,629,643	5,531,291
NET ASSETS		12,296,125	11,826,430
EQUITY			
Issued capital	20	3,345,601	3,345,601
Reserves		422,419	328,991
Retained earnings		8,528,105	8,151,838
TOTAL EQUITY		12,296,125	11,826,430

The accompanying notes form part of these financial statements.

Rural Funds Management Limited

ABN 65 077 492 838

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2013

2013

	Ordinary shares	Retained earnings	Capital reserve	Asset revaluation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	3,345,601	8,151,837	15,397	313,595	11,826,430
Profit/(loss) for the year, net of applicable tax	-	500,839	-	-	500,839
Other comprehensive income, net of tax applicable	-	-	-	93,428	93,428
Dividends paid or provided for	-	(124,572)	-	-	(124,572)
Balance at 30 June 2013	3,345,601	8,528,104	15,397	407,023	12,296,125

2012

	Ordinary shares	Retained earnings	Capital reserve	Asset revaluation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	3,345,601	8,114,363	15,397	86,476	11,561,837
Profit/(loss) for the year, net of applicable tax	-	289,046	-	-	289,046
Other comprehensive income, net of income tax applicable	-	-	-	227,119	227,119
Dividends paid or provided for	-	(251,572)	-	-	(251,572)
Balance at 30 June 2012	3,345,601	8,151,837	15,397	313,595	11,826,430

The accompanying notes form part of these financial statements.

Rural Funds Management Limited

ABN 65 077 492 838

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash from operating activities:			
Receipts from customers		17,281,126	26,317,650
Payments to suppliers and employees		(17,061,900)	(27,548,204)
Interest received		290,721	443,224
Finance costs		(4,218)	(42,474)
Income taxes refunded/(paid)		(57,559)	(109,153)
Distributions received		89,589	68,215
Net cash provided by/ (used in) operating activities	24(a)	537,759	(870,742)
Cash flows from investing activities:			
Proceeds from the sale of property, plant & equipment		-	735
Purchase of investments		-	(657)
Purchase of short term deposits		(1,000,000)	(1,836,280)
Proceeds from term deposit maturity		2,336,259	-
Purchase of property, plant and equipment	13(a)	(90,226)	(47,406)
Proceeds from loans to related parties		-	250,428
Loans to related parties		(124,572)	-
Sale of investments		2,000	-
Capital distribution received		18,047	86,704
Net cash provided by / (used in) investing activities		1,141,508	(1,546,476)
Cash flows from financing activities:			
Proceeds from interest bearing liabilities		-	754,249
Repayment of interest bearing liabilities		(825,272)	-
Payment of dividends		-	(251,572)
Net cash provided by / (used in) financing activities		(825,272)	502,677
Net (decrease) / increase in cash and cash equivalents		853,995	(1,914,541)
Cash and cash equivalents at beginning of year		738,333	2,652,874
Cash and cash equivalents at end of year	7	1,592,328	738,333

The accompanying notes form part of these financial statements.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies

(a) General information

This financial report includes the consolidated financial statements and notes of Rural Funds Management Limited and its controlled entity (the Group). The separate financial statements of the parent entity, Rural Funds Management Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue in accordance with a resolution of the directors on 30 September 2013.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The report has been prepared on a going concern basis.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Refer to Note 1(x) for the assessment of Australian Accounting Standards that have been recently issued but are not yet effective.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(c) Change in accounting policy

During the year RFM clarified the ownership of almonds once delivered to the processor. It has been determined that RFM, through the Almond Schemes, retains ownership of the almonds until they are paid for. Consequently harvest proceeds receivable that were classified in debtors have been reclassified to inventory.

The financial effect of this change was:

	30/06/13	30/06/12	01/07/11
	\$	\$	\$
Statement of financial position			
Decrease in debtors	-	(531,790)	-
Increase in inventory	-	531,790	-
Change in net assets	-	-	-

	30/06/13	30/06/12
	\$	\$
Description		
Decrease in harvest proceeds	-	(531,790)
Increase in cost of agricultural produce sold	-	531,790
Change in profit attributable to members	-	-

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Rural Funds Management Limited and its subsidiary (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. The effects of all transactions between entities in the Group are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where there is a loss of control of a subsidiary the consolidated financial statements include the results for the part of the reporting year during which RFM has control.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(d) Basis of consolidation (continued)

Inter-company transactions, balances, income, expenses and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of RFM.

(e) Comparatives

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

(f) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised for the major business activities as follows:

- Management fees

Management fees in respect of managed entities are recognised in accordance with entity constitutions, product disclosure statements and management agreements. It is levied as a percentage of either gross assets under management, net value of the funds or as percentage of operating costs.

- Cost recoveries

Revenue earned from the rendering of services to managed entities is recognised in accordance with the terms of the service agreement and recognised as the services are provided.

- Development income

Development income is based on the specific terms and criteria of the contractual arrangements, and the completion of the work performed under those contracts.

- Grower ongoing fees - MIS Almond Projects

Fees are levied in accordance with the relevant product disclosure statements and are recognised when the Group has performed its commitments as the Responsible Entity of the MIS Almond Projects.

- Finance interest and other interest income

Finance interest, relating to interest from loans and other interest revenue are recognised using the effective interest method.

- Distributions and dividends

Revenue is recognised when the Group's right to receive payment is established. All revenue is stated net of the amount of goods and services tax (GST).

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(g) Income taxes

The income tax expense (benefit) for the period comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual impairment is identified at a counterparty specific level following objective evidence that a financial asset is impaired. This may be after an interest or principal payment is missed or when information comes to hand that would indicate an inability to meet repayments. An allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the originally assessed effective interest rate and taking into account the amount of security held. The amount of the allowance is recognised in the income statement.

Debts which are known to be uncollectible are written off when identified. Write-offs are charged against previously established for impairment allowance accounts or directly to the income statement.

Where the debt is in relation to amounts due on almond groves and the impact of non payment would result in the cancellation of the almond grove rights, which would revert to RFM, then the impairment provision is measured against the value of the rights that would be obtained by RFM.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(k) Inventories

Bulk stores

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Agricultural produce

Agricultural produce is the product of the company's biological assets. Agriculture produce on hand at year end is valued at the lower of cost and net realisable value. Net realisable value is measured as fair value less point of sale costs at the time of harvest.

Inventories include almonds on hand, both delivered and undelivered at balance date as the ownership of the almonds does not transfer until they are paid for.

(l) Intangible assets

Intangible assets are stated at the lower of cost and the discounted value of future net cash flows expected to arise in respect of the asset. In regard to rights to almond orchard groves arising from the cancellation of grower rights on non-payment, cost is considered to be the value of the debtor amount unpaid less any subsequent refunded GST.

(m) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it occurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(n) Investments (financial assets)

Available-for-sale financial assets

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity where the investment is held above cost, and through the statement of comprehensive income where the fair value is less than cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(n) Investments (financial assets) (continued)

Recognition

Financial assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

(o) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset

Plant and Equipment	3 - 13 years
Leasehold improvements	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Sale of property, plant and equipment

The gain or loss arising from the sale of property, plant and equipment is recognised in the statement of comprehensive income when the item is derecognised. The gain or loss is calculated as the difference between the carrying amount and the net proceeds of the sale.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(p) Biological assets

Biological assets of the Group include crops such as cotton, almonds and fallow fields which are a reserve for future crops, as well as livestock. All crops and livestock are measured on initial recognition (generally at planting) and at each subsequent reporting date at their fair value less estimated point of sales costs (net market value), unless the crops are immature and fair value cannot be reliably measured. In this instance the biological assets have been recognised at cost less any impairment until such time as the fair value can be reliably measured.

Increase / (decrease) in net fair value of biological assets

Any increase or decrease in the net fair value of biological assets is recognised as income or expense in the statement of comprehensive income. The movement is determined as the difference between the net fair value at the beginning and the end of the financial year adjusted for additions and harvesting during the financial year. The fair value less point of sale costs of agricultural produce from activities such as cropping is brought to account as income at the time it is separated from the biological asset.

(q) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor and are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(r) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(t) Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost. Any difference between cost and redemption value is recognised in the statement of comprehensive income over the entire period of the borrowings on an effective interest basis.

Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months from the balance sheet date.

(u) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Dividends

Provision is made for the amount of any dividend declared, determined or recommended by the directors on or before the end of the financial year but not distributed at balance date.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(x) New Accounting Standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2016	<ul style="list-style-type: none"> - Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments. 	The impact of AASB 9 has not yet been determined as the entire standard has not been released
AASB 10 Consolidated Financial Statements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates.	30 June 2014	<p>AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.</p> <p>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p>	<p>The Group will review its controlled entities to determine whether they should be consolidated under AASB 10: no changes are anticipated.</p> <p>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.</p>

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of significant accounting policies (continued)

(x) New Accounting Standards for application in future periods (continued)

AASB 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.
AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	As the entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.
AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.

2 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Significant accounting judgements, estimates and assumptions (continued)

- Provision for commodity price commitments

In 2006, RFM offered a tax effective almond project and sold 266 hectares under the terms of the product disclosure statement. One commitment given by RFM was to give almond price support where the almond price achieved to the Grower was under \$8.20 per kilogram. The commitment is to pay the Grower an amount of up to a maximum of \$3.50 per kg on top of the sale price achieved from the sale of the Almonds on the Growers behalf, if the sale price received is less than \$8.20 per kg. For example, if the sale price received is \$4.00 per kg, RFM will pay an additional \$3.50 per kg. The total amount payable by RFM from its own funds over the term of the PMP is capped at \$16,500 per hectare or a total of \$4,389,000. The PMP terminates upon this limit being reached, on termination of the Almond Fund, or after the 10 year term has expired on 30 June 2016 whichever is earlier.

The provision is based on the net present value of the expected obligations with estimates based on future yields, almond prices and a discount rate of 4.5%. The provision has been reduced to mirror grower defaults as detailed in the next paragraph. The PMP commitment is expected to reach its cap in the 2014 year.

- Provision for doubtful debts

In relation to the Almond scheme noted above, in 2013 RFM has written off bad debts of \$18,235 in relation to amounts not recovered from Growers which were formerly provided for.

When the grove contracts are terminated, ownership passes to RFM. At 30 June 2013 RFM held licences over 266 cancelled almond groves.

- Valuation of investments

Available for sale financial assets comprise unlisted investments in related entities at director's adoption of published unit prices for all units.

- Valuation of intangible assets

Intangible assets are licences to groves under the Almond scheme noted above that have been cancelled by Growers and are the property of RFM. RFM is required to pay for the amounts unpaid by the growers and this represents the cost of the asset. Cost is compared to the discounted cashflows of the future receipts and payments due in respect of those groves. If the discounted cashflows are lower, the asset cost is impaired by this amount. The additions at cost and impairment arising during the year are shown at Note 14.

- Valuation of livestock

Livestock are measured at cost when purchased and at their fair value less estimated selling costs at each subsequent reporting date. The fair value is determined based on recent comparable sales in active markets.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

3 Revenue and other income

		2013	2012 (restated)
	Note	\$	\$
- Management fees		4,105,886	3,925,216
- Cost recoveries		8,431,668	10,466,727
- Harvest proceeds		1,122,803	2,896,224
- Interest received	3(a)	290,721	443,226
- Increment in biological assets	10	260,191	633,529
- Income distributions & dividends		89,589	68,215
- Other income		289,323	17,744
Total revenue and other income		14,590,181	18,450,881

(a) Interest revenue from:

Other persons	84,543	126,951
Related entities	206,179	316,275
Total interest revenue	290,722	443,226

4 Profit from ordinary activities

Expenses

Finance costs			
External		4,218	42,473
Total finance costs		4,218	42,473
Depreciation and impairments			
Property plant and equipment	13(a)	172,403	161,962
Trade receivables		48,289	17,883
Impairment loss on investments		2,345	253,058
Impairment (gain)/loss on intangible assets	14	(110,490)	(242,806)
Total depreciation and impairments		112,547	190,097

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

5 Auditor's remuneration

	2013	2012
	\$	\$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	61,676	71,116
- tax and other services	2,893	14,842
- audit fees of wound up managed funds underwritten	6,500	-
- other services for wound up managed funds underwritten	1,682	-
Total auditor's remuneration	72,751	85,958

6 Income tax expense

(a) The components of tax expense comprise:

Current tax	-	57,560
Originating and reversing temporary differences	215,876	57,189
Total	215,876	114,749

(b) Amounts charged of credited directly to equity

Unrealised gain on available-for-sale investments	40,041	97,337
Total	40,041	97,337

(c) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)	215,013	121,138
Less:		
Tax effect of:		
- Other	863	(6)
- Imputation credits received	-	(6,383)
Income tax attributable to entity	215,876	114,749

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

7 Cash and cash equivalents

	2013	2012 (restated)
	\$	\$
Cash on hand	1,440	1,439
Cash at bank	1,590,888	736,894
Total cash and cash equivalents	1,592,328	738,333

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,592,328	738,333
Total	1,592,328	738,333

8 Trade and other receivables

CURRENT

Trade receivables	57,863	2,846,038
Less: provision for doubtful debts	-	(17,883)
Sundry receivables	3,032,773	1,352,461
Total trade and other receivables	3,090,636	4,180,616

Trade receivables are non-interest bearing and are generally on 30 day terms. Impaired and past due receivables have been considered and appropriate provisions made.

9 Inventories

CURRENT

At Cost

Agricultural produce	1,782,534	2,501,276
Fuel, chemicals and fertiliser	189,318	169,789
Total inventories	1,971,852	2,671,065

Agricultural produce inventory represents cotton which has been harvested but not yet to be ginned and almonds which have been harvested but not yet sold.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

10 Biological assets

	Wheat \$	Almonds \$	Cotton \$	Livestock \$	Total \$
2013					
Opening balance	180,227	-	101,034	-	281,261
Additions	775,048	1,227,915	723,145	603,047	3,329,155
Increases/ (decreases) due to biological transformation	825	351,067	(178,587)	86,886	260,191
Decreases due to sales	(209,213)	-	(322,855)	(22,792)	(554,860)
Transfers to agricultural produce on hand	-	(1,578,982)	(203,552)	-	(1,782,534)
Total	746,887	-	119,185	667,141	1,533,213
(Current)	746,887	-	119,185	667,141	1,533,213
2012					
Opening balance	-	-	284,965	-	284,965
Additions	180,227	444,081	1,239,734	-	1,864,042
Increases/ (decreases) due to biological transformation	-	87,708	545,821	-	633,529
Transfers to agricultural produce on hand	-	(531,789)	(1,969,486)	-	(2,501,275)
Total	180,227	-	101,034	-	281,261
(Current)	180,227	-	101,034	-	281,261

Biological assets at 30 June 2013 comprise of livestock as well as cotton and wheat crops situated near Hillston, NSW. Crops prepared prior to 30 June 2013 were yet to be harvested and too immature to measure at market value.

11 Other assets

	2013 \$	2012 \$
CURRENT		
Prepayments	413,294	514,847
Deposits	85,373	106,678
Total other assets	498,667	621,525

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

12 Other financial assets designated at fair value

		2013 \$	2012 \$
CURRENT			
Loans and receivables			
Loan - Shareholders	23(b)	124,593	124,572
Term deposit		500,000	1,836,280
Total other financial assets - current		624,593	1,960,852
NON CURRENT			
Unlisted investments			
Units in RFM Australian Cotton Fund		4,686	21,905
Units in RFM Australian Wine Fund		637,815	529,226
Units in RFM Chicken Income Fund		315,527	286,792
Units in RFM RiverBank		626,754	576,755
Shares in Lachlan Farming Ltd		6,914	63,941
Shares in Almondco		-	2,000
		1,591,696	1,480,619
Loans and receivables			
Loans and receivables	23(b)	1,800,000	1,800,000
		1,800,000	1,800,000
Total other financial assets - non-current		3,391,696	3,280,619

13 Property, plant and equipment

Capital works in progress			
At cost		1,799	48,588
Total capital works in progress		1,799	48,588
Plant and equipment			
At cost		978,594	846,879
Accumulated depreciation		(702,507)	(600,941)
Total plant and equipment		276,087	245,938
Leasehold improvements			
At cost		708,611	707,311
Accumulated amortisation		(365,450)	(295,781)
Total leasehold improvements		343,161	411,530
Total property, plant and equipment		621,047	706,056

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

13 Property, plant and equipment (continued)

(a) Movements in carrying amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year

	Capital Works in Progress \$	Plant and Equipment \$	Leasehold Improvements \$	Total \$
Current Year				
Balance at the beginning of the year	48,588	245,938	411,530	706,056
Additions	-	84,926	5,300	90,226
Disposals	-	-	(2,832)	(2,832)
Transfers	(46,789)	46,789	-	-
Depreciation expense	-	(101,566)	(70,837)	(172,403)
Carrying amount at the end of the year	1,799	276,087	343,161	621,047
Prior Year				
Balance at the beginning of the period	1,182	338,155	482,261	821,598
Additions	47,406	-	-	47,406
Disposals	-	(986)	-	(986)
Depreciation expense	-	(91,231)	(70,731)	(161,962)
Carrying amount at the end of the period	48,588	245,938	411,530	706,056

14 Intangible assets

NON-CURRENT

Balance at the beginning of the year	735,970	85,914
Additions during the year	18,235	407,250
(Impairment)/impairment reversal arising from review of fair value	110,490	242,806
Total intangible assets	864,695	735,970

Intangible assets are almond groves which RFM acquired following the termination of grower's interests in AF06 almond project. RFM will pay the operating costs and receive the harvest proceeds related to these groves. The asset value represents the present value of the net future cash flows.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Trade and other payables

	2013 \$	2012 \$
CURRENT		
Unsecured liabilities		
Trade payables	628,477	842,297
Accruals	981,636	1,183,179
Sundry creditors	482,121	297,461
Total trade and other payables	2,092,234	2,322,937

Trade payables are payable on 30-90 day terms and are non interest bearing.

16 Interest bearing liabilities

CURRENT		
Unsecured liabilities		
Loan - NAB	-	745,000
Insurance premium funding	56,439	136,713
Total interest bearing liabilities	56,439	881,713

On 28 October 2011 RFM entered into a market rate facility agreement with its banker, National Australia Bank (NAB) for \$950,000 to finance costs associated with its cotton business. This facility was repaid in full on 31 August 2012.

17 Provisions

Analysis of total provisions		
Current	1,382,655	1,994,350
Non-current	80,647	126,157
Total provisions	1,463,302	2,120,507

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

17 Provisions (continued)

(a) Movement in carrying amounts

	Provision for SBK trading loss	Provision for bonus	Employee entitlements - current	Employee entitlements - non current	Taxation	Provisions for commodity price commitment - current	General provisions	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance at 1 July 2012	-	-	568,264	126,157	57,559	1,368,527	-	2,120,507
Additional provisions net of amounts used	192,000	240,000	142,949	-	-	43,523	11,273	629,745
Payments made	-	-	-	(45,510)	(57,559)	(1,183,881)	-	(1,286,950)
Balance at 30 June 2013	192,000	240,000	711,213	80,647	-	228,169	11,273	1,463,302

Provision for commodity price commitments

In 2006, RFM offered a tax effective almond project and sold 266 hectares under the terms of the product disclosure statement. One commitment given by RFM was to give almond price support where the almond price achieved to the Grower was under \$8.20 per kilogram. The commitment is to pay the Grower an amount of up to a maximum of \$3.50 per kg on top of the sale price achieved from the sale of the Almonds on the Growers behalf, if the sale price received is less than \$8.20 per kg. For example, if the sale price received is \$4.00 per kg, RFM will pay an additional \$3.50 per kg. The total amount payable by RFM from its own funds over the term of the Price Management Plan (PMP) is capped at \$16,500 per hectare or a total of \$4,389,000. The PMP terminates upon this limit being reached, on termination of the Almond Fund, or after the 10 year term has expired on 30 June 2016 whichever is earlier. The provision has been reduced to reflect actual grower defaults as detailed in Note 2.

In 2010 the interests of defaulting growers in the 2006 scheme were terminated and replaced with new investors who were prepared to pay the 2010 invoice. The rights of these replacement Growers are identical to all other Growers except they were not entitled to the proceeds of the 2009 harvest and did not have access to the price support plan. Further groves were terminated in 2011, 2012 and 2013 and not replaced with new investors. RFM retains the interest in these groves. As a result RFM's price support commitments are restricted to 72% of the scheme and this is the basis of the provision.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

18 Tax

(a) Liabilities

	2013 \$	2012 \$
NON-CURRENT		
Deferred tax liability comprises:		
Investments	180,267	134,398
Sundry debtors	2,564	6,483
Deferred crop	259,822	84,378
Inventories	56,795	236,229
Decelerated depreciation claims	13,918	9,656
Subtotal	513,366	471,144
Set off of deferred tax liabilities	(495,698)	(265,010)
Total	17,668	206,134

(b) Assets

NON-CURRENT		
Deferred tax assets comprise:		
Accruals	154,228	122,241
Provisions - long service leave	97,927	98,121
Provisions - annual leave	137,757	108,331
Provisions - price management plan	68,451	410,558
Provisions - bonus	72,000	-
Provisions - doubtful debts	-	5,365
Capital raising costs	4,883	9,767
Investments	5,042	4,339
Land Lease establishment costs	11,073	7,415
Unused income tax losses	1,237,286	1,048,858
Project establishment costs	290,443	419,134
Restructure costs	1,603	-
Superannuation	8,305	15,031
Fair-valued property plant & equipment	17,035	17,035
Intangibles	83,457	116,603
Unused capital tax losses	43,249	63,636
Subtotal	2,232,739	2,446,434
Set off of deferred tax assets	(495,698)	(265,010)
Total	1,737,041	2,181,424

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

18 Tax (continued)

(b) Assets (continued)

RFM parent has carried forward deferred tax assets of \$1,737,041 (2012: \$2,181,424) in relation to timing differences and carry forward tax losses. It is considered probable that sufficient taxable profits will be available to utilise these amounts. Forecasts show that RFM will generate consistent accounting profits in the next three years to use these deferred tax assets.

(c) Reconciliations

	Current Income Tax 2013 \$	Deferred Income Tax 2013 \$	Current Income Tax 2012 \$	Deferred Income Tax 2012 \$
Opening balance	(57,559)	1,975,290	(109,153)	2,129,816
Charged to income	-	(215,877)	(57,559)	(57,189)
Charged to equity	-	(40,041)	-	(97,337)
Other payments	57,559	-	109,153	-
Total	-	1,719,373	(57,559)	1,975,290
Tax expense in income statement	-	(215,876)	-	(114,749)
Amounts recognised in the Statement of Financial Position:				
Deferred tax asset	-	1,737,041	-	2,181,424
Deferred tax liability	-	(17,668)	-	(206,134)
Total	-	1,719,373	-	1,975,290

19 Financial instruments

	2013 \$	2012 (restated) \$
Financial assets		
Cash and cash equivalents	1,592,328	738,333
Loans and receivables	5,515,229	7,941,468
Equity investments	1,591,696	1,480,619
Total financial assets	8,699,253	10,160,420
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	2,092,234	2,322,937
Interest bearing liabilities	56,439	881,713
Total financial liabilities	2,148,673	3,204,650

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Financial instruments (continued)

Financial risk management policies

The Group's activities expose it primarily to credit, interest rate and liquidity risk. Further details on the management of these risks can be found below. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives. Reviews are undertaken to ensure compliance with policies and exposure limits.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to its shareholder, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of contributed equity, reserves and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder or issue new shares or sell assets to reduce debt.

Operating cash flows are used to maintain and expand the Group's assets as well as make the routine outflows of tax, dividends and repayment of debt to the shareholder.

Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements. In addition, the board of directors ensure that RFM meets its liquidity requirements for the purposes of complying with its Australian Financial Services Licence.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, commodity and equity price risk.

(a) Interest rate risk

The Group's unhedged exposure to Australian variable interest rates on financial assets and financial liabilities are detailed in the table below:

	2013	2012
	\$	\$
Cash and deposits with banks	1,592,329	738,333
Loan to related entities	1,800,000	1,800,000
Loan - NAB	-	(745,000)
Total	3,392,329	1,793,333

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Financial instruments (continued)

(b) Liquidity risk

Liquidity risk arises from the possibility that RFM and the consolidated entity are unable to settle a transaction on the due date. Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management of requirements. The Group's ongoing capital requirements, arising mainly from developing and offering new MIS projects to investors, requires prudent liquidity risk management which implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. In addition, the board of directors ensure that RFM meets its liquidity requirements for the purposes of complying with its Australian Financial Services Licence.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, and other financial assets. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and policies that limit the amount of credit exposure to any one financial institution or counterparty.

The investment of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. Other than with trade receivables, no material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments.

Credit risk exposures

The Group does not hold any credit derivatives or credit enhancements. Financial assets subject to credit risk are detailed in the table below:

	2013	2012 (restated)
	\$	\$
Financial assets		
Cash and cash equivalents	1,592,329	738,333
Trade and other receivables	3,090,636	4,180,616
Other financial assets	2,424,593	3,760,852
Total	7,107,558	8,679,801

Credit risk concentration

Cash and deposits with banks

All cash at bank and deposits are held with National Australia Bank which is rated AA by Standard and Poors.

Trade and other receivables

Trade and other receivables include amounts receivable from managed entities relating to management fees.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

19 Financial instruments (continued)

Other financial assets

Other financial assets include a loan of \$1,800,000 (2012: \$1,800,000) to RFM RiverBank, and \$124,593 (2012: \$124,572) to shareholders.

Almond Scheme - AF06

RFM is required to pay amounts unpaid by growers should the allocated groves be cancelled. The groves become the property of RFM unless the groves are sold to new investors.

(d) Price risk on equity securities

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is exposed to commodity price risk through the sale of agricultural commodities. In order to mitigate this risk the company enters into agreed price contracts for the sale of this produce. The assumption of 10% sensitivity is within the range of possible price movements in current economic conditions.

A positive number indicates an increase in post tax reserves and a negative number indicates a decrease in post tax reserves.

	2013	2012
	\$	\$
Change in profit		
- increase in average investment values by 10%	159,170	148,062
- decrease in average investment values by 10%	(159,170)	(148,062)
Change in equity		
- increase in average investment values by 10%	111,419	103,643
- decrease in average investment values by 10%	(111,419)	(103,643)

20 Issued capital

779 (2012: 779) Ordinary shares fully paid	3,345,601	3,345,601
Total	3,345,601	3,345,601

21 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of the Group's financial assets available for sale.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

21 Reserves (continued)

(b) Capital reserve

The reserve results from a gain on the repurchase of employee shares on termination under the terms of the RFM Deferred Employee Share Plan.

22 Interests of key management personnel

(a) Details of remuneration

The following persons were directors and key management personnel of RFM during the financial year.

David Bryant	Director - RFM
Michael Carroll	Director - RFM
Guy Paynter	Director - RFM
Stuart Waight	Chief Operating Officer
Andrea Lemmon	Executive Manager - Funds Management
Melanie Doyle	Chief Financial Officer

	Short-term benefits	Post employment benefit	Total
	\$	\$	\$
2013 Total compensation	1,441,200	129,708	1,570,908
2012 Total compensation	1,385,643	113,559	1,499,202

23 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) RFM and related entities

	2013 \$	2012 \$
Income received from the managed trusts		
Management fees	4,105,886	3,925,216
Interest received	206,179	316,275
Distribution received/ receivable	107,132	17,442
Total	4,419,197	4,258,933
Costs reimbursed from/to managed trusts		
Reimbursed to RFM from managed trusts	6,944,667	4,497,537
Costs rebated by RFM to managed trusts	-	(417,961)
Rental & property expenses incurred by RFM	(362,438)	(277,923)
Total	6,582,229	3,801,653

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

23 Related party transactions (continued)

(b) Debtors owing from related parties

	2013	2012
	\$	\$
RFM Almond Project 2006	958,035	1,122,297
RFM Almond Project 2007	66,585	170,865
RFM Almond Project 2008	20,420	57,761
RFM Australian Cotton Fund	2,654	5,441
RFM Chicken Income Fund	568,896	1,100,131
Lachlan Farming Limited	-	4,373
RFM RiverBank	129,719	134,639
RFM Diversified Agricultural Fund	-	6,959
RFM Australian Wine Fund	-	30,384
RFM Land Trust	1,664	20,591
RFM StockBank	56,873	46,759
Total	1,804,846	2,700,200
Loan to related parties		
RFM RiverBank	1,800,000	1,800,000
Shareholders' loan	124,593	124,572
Total	1,924,593	1,924,572
Provision relating to related party commitments		
AF06 Price Management Plan	228,169	1,368,527
Total	228,169	1,368,527
Provision relating to SBK trading loss		
RFM StockBank	192,000	-
Total	192,000	-
Creditors owing to related parties		
RFM Chicken Income Fund	-	10,450
RFM RiverBank	12,004	209,111
RFM StockBank	89,017	80,008
RFM Diversified Agricultural Fund	-	94,104
Total	101,021	393,673

(c) Interest in subsidiary

Parent entity - Rural Funds Management Limited

RFM Farming was established as a wholly owned subsidiary of RFM in 2005 for a consideration of \$1.

Both entities are incorporated in Australia.

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

24 Cash flow information

(a) Reconciliation of cash flow from operations with profit/(loss) attributable to members

	2013	2012
	\$	\$
Profit/(loss) attributable to members	500,839	289,046
Non-cash flows in profit/(loss) attributable to members		
Depreciation	172,403	161,961
Net loss on disposal of property, plant and equipment	2,832	251
Increment in intangibles	(110,490)	(242,806)
Decrement/(increment) in the fair value of investments	2,345	253,058
Increment in biological assets	(260,191)	-
Bad debt expense	48,289	-
Changes in assets and liabilities		
(Increase)/decrease in receivables excluding the impact of transfers to intangibles	1,023,453	4,297,312
(Increase)/decrease in inventories	699,213	(115,397)
(Increase)/decrease in deferred tax assets excluding the impact of equity items	404,343	(41,523)
(Increase)/ decrease in other assets	122,858	(483,944)
Increase/(decrease) in trade payables and accruals	(230,703)	(3,373,432)
Increase/(decrease) in income taxes payable	-	(51,594)
(Increase)/decrease in biological assets	(991,761)	3,704
(Decrease)/increase in provisions	(657,205)	(1,666,089)
Increase/(decrease) in deferred tax liabilities	(188,466)	98,711
Cashflow provided by / (used in) operations	537,759	(870,742)

Rural Funds Management Limited

ABN 65 077 492 838

Notes to the Financial Statements

For the Year Ended 30 June 2013

25 Economic dependence

RFM is economically dependent on its managed funds, particularly RBK, AWF and the CIF.

26 Subsequent events

On 25 September 2013 a dividend of \$124,593 was declared and paid.

RFM was the successful applicant for the lease of RFM RiverBank's 91 almond groves in AF07 and 102 almond groves in AF08. The lease is to be effective from 1 July 2013, contracts are being finalised to effect this transaction.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

27 Parent entity

The following information has been extracted from the books and records of the parent, Rural Funds Management Limited and has been prepared in accordance with Accounting Standards.

	2013	2012
	\$	\$
Statement of Financial Position		
Assets		
Current assets	6,247,405	6,984,047
Non-current assets	6,582,428	6,904,069
Total assets	12,829,833	13,888,116
Liabilities		
Current liabilities	4,930,660	6,993,186
Non-current liabilities	636,746	672,441
Total liabilities	5,567,406	7,665,627
Equity		
Issued capital	3,345,601	3,345,601
Reserves	422,419	328,991
Retained earnings	3,494,407	2,547,897
Total equity	7,262,427	6,222,489
Statement of Comprehensive Income		
Total profit/(loss) for the year, net of tax	1,071,083	178,962
Other comprehensive income, net of tax	93,429	227,119
Total comprehensive income for the year	1,164,512	406,081

Rural Funds Management Limited

ABN 65 077 492 838

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

Dated: 30 September 2013

36 Bombala Street
PO Box 56
Cooma NSW 2630

P 02 6452 3344
F 02 6452 4060
E infocooma@boyceca.com

www.boyceca.com

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



Knowledge. Insight. Experience.