

# Almond Fund 2006

## Financial Statements

For the Year Ended 30 June 2013

# RFM Almond Fund 2006

ARSN 117 859 391

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# **RFM Almond Fund 2006**

**ARSN 117 859 391**

**For the Year Ended 30 June 2013**

## **Directory**

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 Level 2, 2 King Street DEAKIN ACT 2600  Telephone: 02 6203 9700 Facsimile: 02 6281 5077
Directors	David Bryant Michael Carroll Guy Paynter
Company Secretary	Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000
Auditors	Boyce Assurance Services Pty Limited 36 Bombala Street COOMA NSW 2630

# **RFM Almond Fund 2006**

**ARSN 117 859 391**

## **Directors of the Responsible Entity's Report**

**30 June 2013**

The Directors of Rural Funds Management Limited ("RFM"), Responsible Entity of RFM Almond Fund 2006 ("AF06" or "the Scheme") present their report on the Scheme 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**

The primary objective of the Scheme is to establish and conduct on behalf of each Grower in respect of the Scheme agreements entered into by that Grower, the business of growing, cultivating, harvesting and marketing almonds for domestic and overseas sale.

The principal activities of AF06 during the financial year were the receipt and disbursement of revenue to meet costs relating to the RFM Almond Project 2006, including operating costs, management fees and licence fees.

There have been no significant changes in the nature of AF06's principal activities during the financial year.

### **Scheme information**

AF06 is a registered Australian Managed Investment Scheme, and was constituted in 2006. RFM, the Responsible Entity of the Scheme is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 2, 2 King Street, Deakin, ACT 2600.

### **Review of results and operations**

#### **Operating results**

The operating result of the Scheme after providing for income tax amounted to \$Nil (2012: \$Nil).

AF06 was established in 2006 to provide Growers with an opportunity to invest and participate in the business of growing and selling almonds. The Growers are licensed to operate an almond growing business for 20 years after which the revenue from their trees reverts to the lessor.

For the duration of the licence period, Growers are entitled to receive the net cashflows arising under the Scheme, being revenue from almond sales less Scheme costs. The almond trees reached commercial maturity in the 2013 year. The 2013 harvest revenue to be received in 2014 will be applied to fund 2014 operating expenses. If the revenues exceed the costs, the surplus will be distributed to Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, AF06 does not have net assets. The respective rights and obligations rest with the Growers.

# RFM Almond Fund 2006

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## Directors of the Responsible Entity's Report

30 June 2013

### Review of results and operations (continued)

#### Operating results (continued)

Further information on the Scheme operations is detailed in note 1 (a)(i) on page 12.

Each Grove operated represents an area of 0.25 hectares. As at 30 June 2013 the Scheme had 166 Growers, with a total of 797 Groves representing 199.25 hectares.

The 2013 financial year was the fifth in which the Growers were responsible for all operating, licence and management fees associated with their Grove. The details of the 2013 invoice are shown below.

#### FY2013 Final Invoice (PMP Growers)

	Fee \$	GST \$	Total \$
Itemised costs per Grove			
Management fee	195.71	19.57	215.28
Licence fee	1,163.87	116.39	1,280.26
Operating costs	3,313.14	314.24	3,627.38
Interest charged at BBSW plus 4%	82.67	-	82.67
<b>Total</b>	<b>4,755.39</b>	<b>450.20</b>	<b>5,205.59</b>
Less: harvest proceeds from 2012 crop	(2,173.87)	-	(2,173.87)
	2,581.52	450.20	3,031.72
Less: RFM Price Management Plan	(1,513.91)	-	(1,513.91)
Plus: 2011/2012 invoice shortfall	81.24	7.46	88.70
<b>Total</b>	<b>1,148.85</b>	<b>457.66</b>	<b>1,606.51</b>

At balance date a total of \$608,132 remained outstanding on the 2013 invoices.

RFM continues to pursue the amounts outstanding and plans to cancel the Groves of defaulting Growers for non payment. Currently, all outstanding amounts are expected to be received.

#### Interest in the Scheme held by the Responsible Entity and its associates

At the date of this report no associates or Directors of the Responsible Entity hold an interest in the Scheme.

#### Fees paid to Responsible Entity

Fees paid and payable to the Responsible Entity for the financial year ended 30 June 2013 were \$4,384,266 (2012: \$3,844,481). The fees paid are based on farm operating costs incurred by the RE plus property licence fees and management fees, as prescribed by the Scheme PDS for the year ended 30 June 2013.

#### Scheme assets

At 30 June 2013 the Scheme held assets to a total value of \$5,208,329 (2012: \$3,911,058) on behalf of Growers. At the balance date the Scheme had receivables of \$785,108 (2012: \$2,306,224) and cash of \$344,748 (2012: \$77,594) relating to the charge to Growers for their 2012/13 (2011/12) operating costs, management fees, licence fees and interest payable under the PDS.

# **RFM Almond Fund 2006**

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**Directors of the Responsible Entity's Report**

**30 June 2013**

## **Significant changes in state of affairs**

There were no significant changes to the state of affairs of the Scheme during the year.

## **Likely developments and expected results of operations**

The almond trees reached commercial maturity in the 2013 financial year. Due to a strong 2013 harvest and improved almond prices, it is expected that the 2013 harvest revenue will be sufficient to fund 2014 operating costs. As the trees reached maturity RFM's focus moves from managing collections from Growers to managing cashflows from harvest revenues against Scheme costs. If the revenues exceed the costs, the surplus will be distributed to Growers.

## **After balance date events**

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

## **Insurance of Officers**

During the financial year RFM has paid premiums in respect of RFM's Directors' or executive officers' liability and legal expenses insurance contracts for the year ended 30 June 2013. The entity has paid in respect of the Scheme, premiums in respect of such insurance contracts for the year ending 30 June 2013. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been the Directors or executive officers of RFM.

## **Environmental regulation and performance**

The operations of the Scheme are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia. There have been no known breaches of any other environmental requirements applicable to the Scheme.

## **Indemnification of Directors and Officers**

In accordance with the Scheme deed, AF06 indemnifies the Directors, Company Secretary and all other Officers of the Responsible Entity and Custodian, when acting in those capacities, against costs and expenses in defending certain proceedings.

AF06 has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer of RFM or of any related body corporate against a liability incurred as such by an Officer.

# **RFM Almond Fund 2006**

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**Directors of the Responsible Entity's Report**

**30 June 2013**

## **Auditor's independence declaration**

An independence declaration has been provided to the Directors by the Auditor of the AF06, Boyce Assurance Services Pty Limited, and can be found on page 25 of the financial report.

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

A handwritten signature in black ink, appearing to read 'David Bryant', is written over a light grey rectangular background.

David Bryant  
Director

Dated: 25 September 2013

# RFM Almond Fund 2006

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## Independent Audit Report to the members of RFM Almond Fund 2006

### Report on the financial report

We have audited the accompanying financial report of RFM Almond Fund 2006, which comprises the Statement of financial position as at 30 June 2013, and the Statement of comprehensive income, Statement of changes in net assets attributable to Growers and Statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Directors of the Responsible Entity's Declaration.

### Directors' responsibility for the financial report

The Directors of the Responsible Entity of the Scheme 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.

### 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 Scheme'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 Scheme'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](mailto:infocooma@boyceca.com)

[www.boyceca.com](http://www.boyceca.com)

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



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# RFM Almond Fund 2006

ARSN 117 859 391

## Independent Audit Report to the members of RFM Almond Fund 2006

### Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Scheme for the year ended 30 June 2013 included on the website of Rural Funds Management Limited. The Directors of the Responsible Entity of the Scheme are responsible for the integrity of the website and we have not been engaged to report on its integrity. This audit report refers to the financial report identified above and it 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 the Responsible Entity of RFM Almond Fund 2006 on the date of this auditor's report.

### Auditor's Opinion

In our opinion:

- (a) the financial report of RFM Almond Fund 2006 is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2013 and of its 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: 25 September 2013

36 Bombala Street  
PO Box 56  
Cooma NSW 2630

P 02 6452 3344  
F 02 6452 4060  
E [infocooma@boyceca.com](mailto:infocooma@boyceca.com)

[www.boyceca.com](http://www.boyceca.com)

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# RFM Almond Fund 2006

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## Directors of the Responsible Entity's Declaration

In accordance with a resolution of the Directors of the Responsible Entity of RFM Almond Fund 2006:

In the opinion of the Directors:

- (a) The financial statements and notes of the Scheme are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) comply with Accounting Standards, Corporations Regulations 2001 and the Scheme's constitution; and
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

On behalf of the board



David Bryant

Director

Dated: 25 September 2013

# RFM Almond Fund 2006

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## Statement of Comprehensive Income

For the Year Ended 30 June 2013

		<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>\$</b>	<b>(Restated)</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	<b>4,384,166</b>	3,844,481
Other income		<b>100</b>	-
Agribusiness operations		<b>(3,127,806)</b>	(2,629,619)
Land lease and rental		<b>(1,019,436)</b>	(958,526)
Management fees	12(a)	<b>(171,575)</b>	(169,489)
Finance costs		<b>(65,449)</b>	(86,848)
<b>Net profit before income tax</b>		-	-
Income tax expense		-	-
<b>Net profit for the period</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the period, representing change in net assets attributable to Growers</b>		-	-

The accompanying notes form part of these financial statements

# RFM Almond Fund 2006

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## Statement of Financial Position

30 June 2013

	Note	2013 \$	2012 (Restated) \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	344,748	77,594
Trade and other receivables	6	785,108	2,306,224
Inventories	7	4,076,373	1,527,240
<b>Total current assets</b>		<b>5,206,229</b>	<b>3,911,058</b>
<b>Non-current assets</b>			
Financial assets	8	2,100	-
<b>Total non-current assets</b>		<b>2,100</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>5,208,329</b>	<b>3,911,058</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	5,208,329	3,911,058
<b>Total current liabilities</b>		<b>5,208,329</b>	<b>3,911,058</b>
<b>TOTAL LIABILITIES</b>		<b>5,208,329</b>	<b>3,911,058</b>
Net assets attributable to Growers		-	-

The accompanying notes form part of these financial statements

## RFM Almond Fund 2006

ARSN 117 859 391

### Statement of Changes in Net Assets Attributable to Growers

For the Year Ended 30 June 2013

	Retained Earnings	Net Assets Attributable to Growers
	\$	\$
Balance at 1 July 2012	-	-
Profit attributable to the Scheme	-	-
Income tax applicable	-	-
<b>Total income and expense for the period</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2013</b>	<b>-</b>	<b>-</b>

	Retained Earnings	Net Assets Attributable to Growers
	\$	\$
Balance at 1 July 2011	-	-
Profit attributable to the Scheme	-	-
Income tax applicable	-	-
<b>Total income and expense for the period</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2012</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements

# RFM Almond Fund 2006

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## Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
<b>Cash from operating activities:</b>			
Receipts from customers		2,199,012	1,453,955
Contributions from Growers		1,700,929	1,617,362
Payments to suppliers and employees		(3,566,714)	(3,708,054)
Interest received		897	6,906
Interest paid		(64,870)	(88,586)
<b>Net cash provided by/ (used in) operating activities</b>	13	<b>269,254</b>	<b>(718,417)</b>
<b>Cash flows from investing activities:</b>			
Investment in Almondco		(2,100)	-
<b>Net cash (used in) investing activities</b>		<b>(2,100)</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents		267,154	(718,417)
Cash and cash equivalents at beginning of year		77,594	796,011
<b>Cash and cash equivalents at end of year</b>	5(a)	<b>344,748</b>	<b>77,594</b>

The accompanying notes form part of these financial statements

# **RFM Almond Fund 2006**

ARSN 117 859 391

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of significant accounting policies**

#### **(a) Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with:

1. The Scheme's constitution and the requirements of the Corporations Act 2001.
2. Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The Scheme is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers RFM Almond Fund 2006 as an individual entity. AF06 is a Scheme, established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of AF06 for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 25 September 2013.

#### **(i) Scheme information**

AF06 is a registered Australian Managed Investment Scheme, and was constituted in 2006. RFM, the Responsible Entity of the Scheme is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 2, 2 King Street, Deakin, ACT 2600.

The nature of the operations and principal activities of the Scheme are described in the Directors of the Responsible Entity's Report.

AF06 does not operate a business in its own right. AF06 acts as a conduit for the receipt of income from the sale of almond produce, and the distribution of the same to the Grower investors. It also acts as a conduit for the receipt of monies from Growers and where applicable the distribution of those monies in accordance with the Scheme's constituent documents. Growers are responsible for all operating costs, licence and management fees, including an interest component to fund the operation. Any profits made under the Scheme are profits made by the Growers.

For the duration of the licence period, Growers are entitled to receive the net cashflows arising under the Scheme, being the revenue from almond sales less Scheme costs. The almond trees reached commercial maturity in the 2013 year. The 2013 harvest revenue to be received in 2014 will be applied to fund 2014 operating expenses. If the revenues exceed the costs, the surplus will be distributed to Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, AF06 does not have net assets. The respective rights and obligations rest with the Growers.

# **RFM Almond Fund 2006**

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## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of significant accounting policies (continued)**

#### **(a) Basis of preparation (continued)**

The information in this financial report is for the benefit of the Growers and includes income and expenditure that has 'flowed through' the Scheme, however it should be noted that the Scheme does not generate income or incur expenditure in its own right. Harvest proceeds are recognised in the Scheme accounts as an offset to Grower costs. The Scheme accounts do not recognise the interest in the biological assets as these are considered to be an asset of the Growers.

#### **(ii) Obligations of the Responsible Entity**

The Responsible Entity, RFM, has obligations to operate the Scheme and perform functions conferred on it by the relevant Scheme constitution.

In addition, RFM has separately entered into individual contractual arrangements with members of the Scheme under which RFM has other obligations directly with the individual members of the Scheme.

This financial report relates only to the Scheme and therefore only considers the obligations of RFM to the Scheme pursuant to the constitution and the sublease. Other than as noted below at Note 1(a)(iii), the financial report does not consider obligations of RFM in respect of obligations to members of the Scheme pursuant to the separate contractual relationships between RFM and those members.

#### **(iii) Other obligations to Members of the Scheme**

In addition to its responsibilities as the Responsible Entity, RFM has entered into individual contractual arrangements with members of the Scheme under which RFM is obliged to incur various expenditures and provide various services. The members either have paid or will make payments to RFM to perform these obligations. The costs incurred by RFM in discharging its contractual obligations with members are specific financial obligations of RFM and are reimbursable to RFM from the members. They can be recoverable from the member's proceeds of sale and are not financial obligations of the Scheme. Therefore these costs are not directly relevant to this financial report.

Notwithstanding this, members of the Scheme should understand that in addition to RFM meeting its obligations to the Scheme under the various Managed Investment Scheme constitutions, RFM also needs to meet its contractual obligations to members for services pursuant to the individual agreements entered into with individual members of the Scheme. These obligations include incurring maintenance expenditures for the duration of the Scheme.

The majority of the cash inflows to RFM from the performance of the ongoing management and maintenance services for the members, are predominantly received within thirteen months of the expenditure being incurred.

# RFM Almond Fund 2006

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## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 1 Summary of significant accounting policies (continued)

#### (b) Change of accounting policy

During the year the Responsible Entity clarified the ownership of almonds once delivered to the processor. It has been determined that the Scheme 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
	\$	\$	\$
<b>Statement of financial position</b>			
Decrease in debtors	-	(1,527,240)	(1,366,989)
Increase in inventories	-	1,527,240	1,366,989
<b>Change in net assets</b>	-	-	-

#### (c) Statement of compliance

The financial report of AF06 complies with Australian Accounting Standards and International Financial Reporting Standards.

#### (d) Reporting basis and conventions

The financial report is a general purpose financial statement 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*.

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. 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 and have been consistently applied unless otherwise stated.

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. The Statement of comprehensive income matches harvest proceeds received during the period to the costs incurred in the period consistent with the basis on which Growers are invoiced.

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

# RFM Almond Fund 2006

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## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 1 Summary of significant accounting policies (continued)

#### (f) Trade and other receivables

Receivables are recognised and carried at original amount, less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Financial difficulties of the debtor, default payments or debts more than 180 days are considered objective evidence of impairment.

#### (g) Inventories

##### Agricultural produce

Agricultural produce is the product of the biological assets held. Agricultural produce on hand at year end is valued at the lower of cost and net realisable value. In accordance with the agriculture accounting standard, subsequent to harvest taking place, cost is measured at fair value less point of sale costs at the time of harvest. The carrying value of inventory is considered against net realisable value at balance date.

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. Inventories at balance date have a corresponding liability included in creditors to reflect the amounts that will be offset by costs to be billed to, or amounts owing to Growers.

#### (h) Impairment of assets

At each reporting date, the Scheme reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

#### (i) Financial Instruments

##### Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### 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.

# **RFM Almond Fund 2006**

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## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **1 Summary of significant accounting policies (continued)**

#### **(i) Financial Instruments (continued)**

##### **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 net assets attributable to Growers where the investment is held above cost, and through the Statement of comprehensive income where the fair value is less than costs.

##### **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, with reference to similar instruments and option pricing models.

##### **Financial liabilities**

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

#### **(j) Trade and other payables**

Liabilities for creditors are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

#### **(k) Revenue**

Revenue comprising contributions from the Growers (as a re-imbusement to RFM) is recognised in accordance with the requirements of the PDS.

The Statement of comprehensive income for the year shows the harvest proceeds that were available to offset costs incurred in the year. This represents the prior year crop harvested and is included on a cash basis. This corresponds to the amounts invoiced to Growers during the financial year.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated inclusive of the amount of Goods and Services Tax (GST).

#### **(l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised inclusive of the amount of GST. Growers registered for GST are able to claim input tax credits from the ATO based on the annual invoice. Receivables and payables in the Statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a gross basis.

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 1 Summary of significant accounting policies (continued)

#### (m) Income tax

All Scheme assets and any income of the Scheme is held on behalf of either the Growers or the Responsible Entity. The Scheme does not derive any income on its own account and accordingly is not subject to income tax.

#### (n) New accounting standards and interpretations

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	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 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.	The entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.

The Scheme does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Scheme's financial statements.

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 2 Revenue

	2013	2012 (Restated)
	\$	\$
Cost recovery from Growers	1,453,312	1,845,405
Harvest proceeds	1,746,973	1,078,439
Price management plan proceeds	1,183,881	920,637
<b>Total</b>	<b>4,384,166</b>	<b>3,844,481</b>

### 3 Harvest proceeds

Estimated balance of harvest proceeds	4,076,372	1,527,240
Estimated PMP proceeds receivable	228,172	1,188,717
<b>Total</b>	<b>4,304,544</b>	<b>2,715,957</b>

Revenue is based on the expected net proceeds from the sale of produce, which is generally harvested in the first four months of the calendar year. The Scheme receives instalment payments of the proceeds and therefore the final sale price will not be known until the final instalment is received, which for the current harvest is due in June 2014. The forecast sale price is \$6.25 per kilogram (2012:\$5.07 actual).

The estimated balance of harvest proceeds comprise almonds which had been delivered for processing and inventory at net realisable value at balance date. Harvest proceeds for the 2013 almond crop are received into the Scheme bank account from July 2013. These proceeds are disclosed in the Scheme accounts as a reduction of fees due to the Responsible Entity in regard to the 2014 costs that will be rendered to Growers in due course. Harvest proceeds are not considered to be Scheme property but are property of the Growers and are disclosed above.

### 4 Auditors' remuneration

Remuneration of the auditor of the Scheme for:

- Auditing or reviewing the financial report	17,860	18,927
<b>Total</b>	<b>17,860</b>	<b>18,927</b>

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 5 Cash and cash equivalents

	2013	2012 (Restated)
	\$	\$
Cash at bank	344,748	77,594
<b>Total</b>	<b>344,748</b>	<b>77,594</b>

#### (a) 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	344,748	77,594
	<b>344,748</b>	<b>77,594</b>

### 6 Trade and other receivables

Trade receivables	619,153	1,009,936
PMP receivable	228,172	1,188,717
Costs to be recovered from Growers/(surplus to be credited to Growers)	(62,217)	107,571
<b>Total</b>	<b>785,108</b>	<b>2,306,224</b>

Trade receivables comprising Growers' contributions, include an interest charge of Bank Bill Swap Rate plus 4% for working capital funded, as prescribed by the Scheme PDS, payable by June of each year. In the event they are not paid by the due date then an additional interest charge of 4% is incurred. There are past due receivables of \$229,759 at the date of this report, and payment plans have been agreed for \$215,248 of this. No provision is required as any impairment of the receivable results in a corresponding decrease of the payable to RFM for the management fees, licence fees and interest.

The PMP receivable amounts represent an estimate of the amount payable by RFM in regard to the harvest based on the estimated final price to be received on the sale of the almonds. The PMP balance remaining for 2013 is capped at \$228,172, which will be the final PMP receivable amount from RFM.

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 7 Inventories

	2013	2012
	\$	(Restated) \$
Agricultural produce		
Almonds on hand and at processor	4,076,373	1,527,240
<b>Total</b>	<b>4,076,373</b>	<b>1,527,240</b>

Agricultural produce inventory represents almonds which have been harvested but not yet sold.

### 8 Financial assets

Available-for-sale investments		
Investment - Almondco	2,100	-
<b>Total</b>	<b>2,100</b>	<b>-</b>

### 9 Trade and other payables

Trade payables	958,407	1,123,575
Harvest proceeds to be paid to RFM	4,076,373	1,527,240
PMP payable to Growers	228,172	1,188,717
(Surplus receivable from RFM)/shortfall payable to RFM	(54,623)	71,526
<b>Total</b>	<b>5,208,329</b>	<b>3,911,058</b>

# **RFM Almond Fund 2006**

**ARSN 117 859 391**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **10 Financial risk management policies**

#### **(a) Financial risk management objectives, policies and processes**

Financial instruments of the Scheme comprise, cash and cash equivalents, net assets attributable to Growers, and other financial instruments such as trade debtors and creditors, which arise directly from its operations. The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to Growers of the Scheme from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate, ultimately to the Board of Directors of the Responsible Entity.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty. In order to avoid excessive concentrations of risk, the Scheme monitors its exposure to ensure concentrations of risk remain within acceptable levels.

#### **(b) Credit risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Scheme to incur a financial loss.

With respect to credit risk arising from the financial assets of the Scheme, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk is not considered to be significant to the Scheme because any default by a Grower on their contributions results in a corresponding reduction in the payable to RFM for management fees, licence fees and interest.

The Scheme sells its almonds through Almondco Australia, an almond processing and marketing co-operative. The Responsible Entity retains ownership of the almonds until they are processed and sold. Credit risk from this counterparty is assessed as low.

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 10 Financial risk management policies (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled as the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying distributions to Growers, if necessary, until the funds are available to pay them.

Financial liabilities of the Scheme comprise of trade and other payables, and net assets attributable to Growers. Trade and other payables are on terms that correspond with Grower contributions receivables thus limiting liquidity risk. Net assets attributable to Growers are payable when distributable profit meets the criteria for distribution according to the Scheme's Constitution.

#### (d) Market risk

The effects of a \$0.50/kg change in the price of almonds on Grower contributions are shown in the following table. These amounts incorporate the impact of the PMP for the 782 entitled groves. However, the PMP balance remaining for 2013 is capped at \$291.78 per grove and a change in the almond price will not impact the PMP contribution to Growers.

	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Per Grove</b>	<b>Total</b>	<b>Per grove</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Increase of \$0.50/kg	(451)	(359,682)	(40)	(31,416)
Decrease of \$0.50/kg	451	359,682	306	242,244

#### (e) Fair values

The Scheme's financial assets and liabilities included in the Statement of financial position are carried at their fair value or at amounts that approximate their fair values.

# **RFM Almond Fund 2006**

**ARSN 117 859 391**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2013**

### **11 Key management personnel compensation**

#### **(a) Directors**

The Directors of RFM are considered to be key management personnel of the Scheme. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

David Bryant  
Guy Paynter  
Michael Carroll

#### **(b) Other key management personnel**

In addition to the Directors noted above, RFM, the Responsible Entity of the Scheme is considered to be key management personnel with the authority for the strategic direction and management of the Scheme.

The constitution of the Scheme states that RFM is entitled to \$195 (GST inclusive) per annum for each Grove indexed by 2.5% pa. In addition where RFM or its agent has borrowed funds to meet the interim costs and expenses of providing management services, RFM is entitled to charge interest equivalent to that paid on the borrowings.

RFM may retire as the Responsible Entity of the Scheme as permitted by law. However, RFM must retire as the Responsible Entity of the Scheme when required by law. When retired or removed, RFM will be released from all obligations and remuneration in relation to the Scheme arising after the time of retirement or being removed.

The agreement terminates on 30 June 2026.

#### **(c) Compensation of key management personnel**

No amount is paid by the Scheme directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the Directors as key management personnel.

No direct payments were made to key management personnel from AF06.

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2013

### 12 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) Farm manager (Rural Funds Management Limited)

The farm manager's fees are based on the farm operating costs incurred by the Responsible Entity plus property licence fees, and management fees prescribed by the Scheme PDS during the year ended 30 June 2013. These fees are based on 797 (2012: 807) almond Groves.

Transactions between the Scheme and the Responsible Entity and any entities under the control of the Responsible Entity:

	2013	2012 (Restated)
	\$	\$
Responsible Entity's management fees	171,575	169,489
Licence fee	1,019,436	958,526
Operating expenses	3,127,806	2,629,619
Interest	65,449	86,848
Price management plan support payable to Growers	(228,172)	(920,637)
<b>Total</b>	<b>4,156,094</b>	<b>2,923,845</b>

#### (b) Creditors

RFM	958,035	1,122,297
<b>Total</b>	<b>958,035</b>	<b>1,122,297</b>

### 13 Cash flow information

#### Reconciliation of cash flow from operations with profit after income tax

Net income/(loss) for the period	-	-
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,521,116	647,153
(Increase)/decrease in inventories	(2,549,133)	(160,251)
Increase/(decrease) in trade payables and accruals	1,297,271	(1,205,319)
<b>Cashflows provided by/(used) in operations</b>	<b>269,254</b>	<b>(718,417)</b>

# RFM Almond Fund 2006

ARSN 117 859 391

## Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year 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 Assurances Services Pty Limited

Cooma

Dated: 25 September 2013

36 Bombala Street  
PO Box 56  
Cooma NSW 2630

P 02 6452 3344  
F 02 6452 4060  
E [infocooma@boyceca.com](mailto:infocooma@boyceca.com)

[www.boyceca.com](http://www.boyceca.com)

Cooma Moree Dubbo Goulburn Orange Wagga Wagga



Knowledge. Insight. Experience.

### Responsible Entity

Rural Funds Management Limited  
ABN 65 077 492 838  
AFSL 226 701

Level 2, 2 King Street  
Deakin Act 2600

[www.ruralfunds.com.au](http://www.ruralfunds.com.au)

Telephone (Investor Services)  
1800 026 665

Telephone (Adviser Services)  
1300 880 295

Facsimile  
1800 625 518