

# Almond Fund 2006

## Financial Statements

For the Year Ended 30 June 2015

# **RFM Almond Fund 2006**

ARSN 117 859 391

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# **RFM Almond Fund 2006**

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## **Corporate 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 Fax: 02 6281 5077
Directors	Guy Paynter David Bryant Michael Carroll
Company Secretaries	Andrea Lemmon Stuart Waight
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22, 207 Kent Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street SYDNEY NSW 2000

# RFM Almond Fund 2006

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## Directors of the Responsible Entity's Report

30 June 2015

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 2015.

### Directors

The name of the Directors of the Responsible Entity in office at any time during, or since the end of the year are:

<b>Name</b>	<b>Position</b>
Guy Paynter	Non-Executive Chairman
David Bryant	Managing Director
Michael Carroll	Non-Executive Director

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

### Principal activities

The principal activity of the Scheme is the commercial growing of almonds to be sold for processing and consumption in Australia and internationally.

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 from June 2006 after which the revenue from the trees reverts to the lessor. From 2006 to 2026, the Growers have entered into a Farm Management Agreement ("FMA") with RFM to conduct the growing and harvest of the almonds.

For the duration of the license period, Growers are entitled to receive net cash flows arising under the Scheme, being revenue from almond sales less Scheme costs. During the 2015 year the revenues exceeded costs and the surplus is expected to be distributed to Growers in October 2015.

As the Scheme manages the cash flows 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 under the FMA rest with the Growers.

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

Each almond grove operated represents an area of 0.25 hectares. As at 30 June 2015, the Scheme had 166 (2014: 166) Growers with a total of 797 (2014: 797) groves representing 199.25 (2014: 199.25) hectares.

### Review of results and operations

The operating result of the Scheme after providing for income tax amounted to \$Nil (2014: \$Nil).

Harvest proceeds are received in the financial year following harvest. Therefore, 2015 harvest proceeds will be received in the 2016 financial year. The proceeds of the 2014 harvest, the Scheme's sixth harvest, were available for funding the 2015 operating costs. Accordingly, no invoice has been issued to Growers in respect of the FY2015 crop. The table below gives the details of the 2015 harvest with a comparison to the 2014 harvest.

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Directors of the Responsible Entity's Report

30 June 2015

## Review of results and operations (continued)

	Tonnes per grove	Per hectare
2015 Estimated harvest per original PDS	0.88	3.50
2015 Estimated harvest per forecast	1.04	4.18
2014 Estimated harvest per original PDS	0.88	3.50
2014 Actual harvest	0.79	3.16

The 2015 harvest was completed in early June which was later than the previous seasons due to the extra two passes of re-shaking completed for the 2015 harvest. The 2015 yield is 18% higher than the estimated yield of 3.5 tonnes per hectare. The almond price has also increased with a current price forecast of \$11.10 per kilogram. A net cash surplus position is currently forecast for the end of the 2016 financial year.

Almondco Australia Limited ("Almondco"), the company responsible for processing and marketing the Scheme's almonds, sells the crop progressively over twelve months following harvest and thus the final pricing will not be known until 30 June 2016. However, RFM is confident it will reflect the strong upward price trend for almonds.

On 3 April 2014, RFM entered a loyalty rebate agreement with Almondco committing to use their hulling and shelling services at the Lyrup facility for all RFM managed almond crop for a term of up to three years. In consideration for RFM's commitment, RFM secured a loyalty rebate of \$0.07 per kilogram of the net kernel weight of almonds supplied.

In accordance with the Constitution of the Scheme, when defaulting Growers have their Scheme interests cancelled, ownership of the Groves passes to the Responsible Entity, RFM. In the absence of payment by a Grower, RFM meets all costs associated with the management of the almond Groves. In addition, RFM has met the annual cost of Groves that were not taken up by Growers. Including these Groves, RFM owns 291 Groves of the 1088 originally comprising AF06. During the year to 30 June 2015 no additional Groves were cancelled (2014: nil). The operating results discussed above and in the financial statements include the results attributable to the Growers in the Scheme and do not include the Groves owned by RFM.

## Distributions

The 2014 harvest revenue was sufficient to fund 2015 operating costs and the cash surplus is expected to be distributed to Growers in October 2015.

## 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 2015 were \$4,521,811 (2014: \$3,903,176). The fees paid are based on farm operating costs incurred by the Responsible Entity plus property licence fees and management fees, as prescribed by the Scheme PDS for the year ended 30 June 2015.

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

30 June 2015

### **Scheme assets**

At 30 June 2015 the Scheme held assets to a total value of \$11,346,894 (2014: \$7,525,562) on behalf of Growers. At the balance date the Scheme had amounts held from 2014 harvest proceeds to cover Growers' 2015 operating costs, management fees and licence fees. It is expected that the cash surplus after paying all costs will be credited to Growers in October 2015.

### **After balance date events**

Following the year end, based on changes in the market, the estimated sales price of almonds, as provided by Almondco increased from \$11.10/kg to \$11.40/kg. As inventory is measured at the lower of cost and net realisable value this price increase has not been taken to account. The final sales proceeds are subject to change based on market conditions throughout the next year and will not be known until 30 June 2016.

No other 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.

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

On 15 October 2014, the Scheme redeemed its investment of 22,934 units in RF Active, a fund managed by RFM, that leases almond growing plant and equipment.

### **Insurance of Officers**

During the financial year RFM has paid premiums in respect of RFM's Directors' and executive officers' liability and legal expenses insurance contracts for the year ended 30 June 2015. The entity has paid in respect of the Scheme, premiums in respect of such insurance contracts for the year ended 30 June 2015. 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.

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

Maximising the Growers' return by developing crop yield potential and improving efficiency in operations continue to be RFM's main focus.

### **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 Secretaries 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 2015

### Information on Directors of the Responsible Entity

#### **Guy Paynter**

Qualifications  
Experience

Non-Executive Chairman

Bachelor of Laws from The University of Melbourne.  
Guy Paynter is a former director of broking firm JB Were and brings to RFM more than 30 years of experience in corporate finance. Guy is a former member of the Australian Securities Exchange (ASX) and a former associate of the Securities Institute of Australia (now known as the Financial Services Institute of Australasia). Guy is also chairman of Bill Peach Group Limited (previously known as Aircruising Australia Limited). Guy's agricultural interests include cattle breeding in the Upper Hunter region in New South Wales.

Directorships held in listed entities during the three years prior to the current year

Rural Funds Group and RFM Poultry

#### **David Bryant**

Qualifications

Experience

Managing Director

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

David Bryant established RFM in February 1997. Since then, David has led the RFM team that has acquired over \$350 million in agricultural assets across eight Australian agricultural regions. This has included negotiating the acquisition of more than 25 properties and over 60,000 megalitres of water entitlements.

Directorships held in listed entities during the three years prior to the current year

Rural Funds Group and RFM Poultry

#### **Michael Carroll**

Qualifications

Experience

Non-Executive Director

Bachelor of Agricultural Science from La Trobe University and a Master of Business Administration (MBA) from The University of Melbourne's Melbourne Business School. Michael has completed the Advanced Management Program at Harvard Business School, Boston, and is a Fellow of the Australian Institute of Company Directors.

Michael Carroll serves a range of food and agricultural businesses in a board and advisory capacity. Michael is on the boards of Tassal Group Ltd, Select Harvests Limited, Paraway Pastoral Company, Sunny Queen Pty Ltd, and the Gardiner Dairy Foundation. Michael also has senior executive experience in a range of companies, including establishing and leading the National Australia Bank (NAB) Agribusiness division.

Directorships held in listed entities during the three years prior to the current year

Michael is on the Board of Tassal Group Limited, Rural Funds Group, RFM Poultry and Select Harvests Limited. Michael was on the Board of Warrnambool Cheese and Butter Limited from August 2009 until May 2014.

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## Directors of the Responsible Entity's Report

30 June 2015

### Company secretaries of the Responsible Entity

Stuart Waight and Andrea Lemmon are RFM's joint company secretaries. Stuart joined RFM in 2003, is a Chartered Accountant and is RFM's Chief Operating Officer. Andrea has been with RFM since 1997 and currently holds the position of Executive Manager Funds Management.

### Meetings of Directors of the Responsible Entity

During the financial year 23 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' meetings	
	Number eligible to attend	Number attended
Guy Paynter	23	18
David Bryant	23	23
Michael Carroll	23	21*

\* Michael Carroll excused himself from 2 meetings in order to avoid any potential conflict of interest.

### Non-audit services

There were no fees paid or payable to PricewaterhouseCoopers for non-audit services provided during the year ended 30 June 2015 (2014: Nil).

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 30 June 2015 has been received and can be found on page 7 of the financial report.

The Directors of the Responsible Entity's Report, is signed in accordance with a resolution of the Board of Directors.



David Bryant  
Director

23 September 2015



## Auditor's Independence Declaration

As lead auditor for the audit of RFM Almond Fund 2006 for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'David Ronald'.

David Ronald  
Partner  
PricewaterhouseCoopers

Sydney  
23 September 2015

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Liability limited by a scheme approved under Professional Standards Legislation.

# RFM Almond Fund 2006

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## Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue	3	5,539,268	5,008,430
Interest income		35,865	-
Other income		123	-
Processing fees		(257,687)	(279,946)
Agribusiness operations		(3,195,210)	(2,921,664)
Land lease and rental	13(a)	(1,146,419)	(1,074,072)
Management fees	13(a)	(180,262)	(175,865)
Cash surplus attributable to Growers		(795,678)	(556,883)
<b>Net profit/(loss) of the Scheme for the year</b>		-	-
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year, Representing changes 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

As at 30 June 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	2,420,335	2,141,655
Trade and other receivables	7	-	95,968
Inventory	4	8,924,459	5,262,905
Assets held for sale	9	-	22,934
<b>Total current assets</b>		<b>11,344,794</b>	<b>7,523,462</b>
<b>Non-current assets</b>			
Financial assets	8	2,100	2,100
<b>Total non-current assets</b>		<b>2,100</b>	<b>2,100</b>
<b>TOTAL ASSETS</b>		<b>11,346,894</b>	<b>7,525,562</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	11,346,894	7,525,562
<b>Total current liabilities</b>		<b>11,346,894</b>	<b>7,525,562</b>
<b>TOTAL LIABILITIES</b>		<b>11,346,894</b>	<b>7,525,562</b>
Net assets attributable to Growers		-	-

The accompanying notes form part of these financial statements

## RFM Almond Fund 2006

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

For the year ended 30 June 2015

	Net assets attributable to Growers \$
Balance at 1 July 2014	-
Changes in net asset attributable to Growers	-
<b>Total income and expense for the period</b>	-
<b>Balance at 30 June 2015</b>	-

	Net assets attributable to Growers \$
Balance at 1 July 2013	-
Changes in net asset attributable to Growers	-
<b>Total income and expense for the period</b>	-
<b>Balance at 30 June 2014</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 2015

	Note	2015 \$	2014 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		5,281,581	6,371,633
Contributions from Growers		-	556,483
Payments to suppliers		(4,198,286)	(5,102,849)
Interest received		35,866	1,539
Interest paid		-	(6,965)
<b>Net cash provided by operating activities</b>	14	<b>1,119,161</b>	1,819,841
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Redemption of RF Active unit		22,934	-
Dividend received		100	-
Investment in RF Active		-	(22,934)
<b>Net cash provided by/(used in) investing activities</b>		<b>23,034</b>	(22,934)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Distribution paid		(863,515)	-
<b>Net cash used in financing activities</b>		<b>(863,515)</b>	-
Net increase/(decrease) in cash and cash equivalents		278,680	1,796,907
Cash and cash equivalents at beginning of year		2,141,655	344,748
<b>Cash and cash equivalents at end of year</b>	6(a)	<b>2,420,335</b>	2,141,655

The accompanying notes form part of these financial statements

# RFM Almond Fund 2006

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 1 Summary of significant accounting policies

#### (a) Basis of preparation

The financial statements are general purpose financial statements that have 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.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs. 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.

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

#### (i) Scheme information

AF06 is a registered Australian Managed Investment Scheme, and was constituted in 2006. RFM, the Responsible Entity for 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.

The Scheme does not operate a business in its own right. The Scheme 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 cash flows arising under the Scheme, being the revenue from almond sales less Scheme costs. The 2014 harvest revenue received throughout 2015 had been applied to fund 2015 operating expenses. The revenues exceeded the costs, and the surplus is expected to be distributed to Growers in October 2015.

As the Scheme manages the cash flows 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.

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. The Scheme accounts do not recognise the biological assets as these are considered to be assets of the Growers.

# **RFM Almond Fund 2006**

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## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

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

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

##### **(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 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 expenditure for the duration of the Scheme.

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

#### **(b) Comparative amounts**

Comparatives are consistent with prior years, unless otherwise stated.

# **RFM Almond Fund 2006**

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## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

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

#### **(c) Revenue**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Scheme and specific criteria relating to the type of revenue as noted below, have been satisfied.

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 cover costs incurred in the year. This represents the prior year crop harvested and is included on a cash basis.

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

#### **(d) 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.

#### **(e) 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.

#### **(f) 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.

#### **(g) 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.

#### **(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.

# **RFM Almond Fund 2006**

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## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

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

#### **(i) Inventory**

##### **Agricultural produce**

Agricultural produce on hand at year end is valued at the lower of cost and net realisable value. Prior to acquisition of inventory, in accordance with the agriculture accounting standard, cost is measured at fair value less point of sale costs at the time of harvest.

Inventories include almonds on hand, both delivered to the processor and undelivered at balance date, as the transfer of ownership of the almonds to the customer does not occur 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.

#### **(j) Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Scheme becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Available-for-sale financial assets**

Certain 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.

#### **(k) 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.

Payables include estimated distributions payable. The carrying period is aligned with the receipt of trade receivables in accordance with note 1(g) and the terms of the Scheme constitution which determine that distributions are payable on or by October each year.

# RFM Almond Fund 2006

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

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

#### (I) 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 Group has decided not to early adopt these Standards. The following table summarises those future requirements and their impact on the Group where the standard is relevant:

Standard Name	Effective date for the Group	Requirements	Impact
AASB 15 Revenue from contracts with customers / AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	Recognise contracted revenue when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards.	Management is currently assessing the impact of the new rules. It is not expected that this standard will have a material impact.
AASB 2014-9 Equity method in separate financial statements (Amendments to AASB 127)	1 January 2016	This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements.	No material impact.
AASB 2015 – 1 Annual improvements (2012 – 2014 cycle)	1 January 2016	AASB 5 – reclassification from held for sale to held for distribution to owners or from held for distribution to owners to held for sale is considered to the continuation of the original plan of disposal; AASB 7 – adds basis of conclusion to clarify disclosure requirements for transferred financial assets and offsetting arrangements; AASB 119 – confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to the employee; AASB 134 – clarifies information about cross references in the interim financial report.	No material impact.
AASB 2015-2 Disclosure Initiative – Amendment to AASB 101	1 January 2016	The Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.	No impact on reported financial position or performance is expected.

# RFM Almond Fund 2006

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

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

#### (I) New accounting standards and interpretations (continued)

Standard Name	Effective date for the Group	Requirements	Impact
AASB 2014-6 Amendments to AASB 116 and AASB 141 for bearer plants	1 January 2016	Amends the accounting for bearer plants to now be the same as property, plant and equipment in AASB 116 Property, Plant and Equipment, because their operation is similar to that of manufacturing.	No material 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.

### 2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form, the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

#### Net realisable value of inventory

The price forecast for the 2015 harvest proceeds is based on Almondco's almond value advice which takes into consideration the trend of demand and supply, performance from other major almond producers as well as foreign currency fluctuation.

### 3 Revenue

	2015	2014
	\$	\$
Harvest proceeds	5,539,268	4,780,258
Price management plan proceeds	-	228,172
<b>Total revenue</b>	<b>5,539,268</b>	<b>5,008,430</b>

# RFM Almond Fund 2006

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 4 Inventory

	2015	2014
	\$	\$
Agricultural produce		
Almonds on hand and at processor	8,924,459	5,262,905
<b>Total inventory</b>	<b>8,924,459</b>	<b>5,262,905</b>

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

Inventory cost at the point of harvest is based on the expected sale proceeds less costs to sell. Almonds are 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 2016. The forecast sale price is \$11.10 per kilogram (2014: \$8.85).

Inventory comprises almonds which have been delivered for processing. Harvest proceeds for the 2015 almond crop are received into the Scheme bank account from July 2015. These proceeds are disclosed as revenue in the 2016 Scheme accounts and will be applied to offset 2016 costs.

### 5 Auditor's remuneration

Remuneration of the auditor of the Scheme for:

- Auditing or reviewing the financial report

18,743 18,000

**Total auditors remuneration**

**18,743 18,000**

### 6 Cash and cash equivalents

Cash at bank	2,420,335	2,141,655
<b>Total cash and cash equivalents</b>	<b>2,420,335</b>	<b>2,141,655</b>

#### (a) Reconciliation of cash

Cash and cash equivalents reported in the Statement of Cash Flows is reconciled to the equivalent items in the Statement of Financial Position as follow:

Cash and cash equivalents	2,420,335	2,141,655
<b>Total cash and cash equivalents</b>	<b>2,420,335</b>	<b>2,141,655</b>

### 7 Trade and other receivables

Trade receivables	-	58,050
Surplus receivable from RFM	-	37,918
<b>Total trade and other receivables</b>	<b>-</b>	<b>95,968</b>

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 8 Financial assets

	2015	2014
	\$	\$
Financial assets		
Investment – Almondco	2,100	2,100
<b>Total financial assets</b>	<b>2,100</b>	<b>2,100</b>

### 9 Assets classified as held for sale

Assets held for sale		
Investment – RF Active	-	22,934
<b>Total assets held for sale</b>	<b>-</b>	<b>22,934</b>

### 10 Trade and other payables

Trade payables	1,626,757	1,705,774
Unrealised harvest proceeds	8,924,459	5,262,905
Surplus payable to Growers	795,678	556,883
<b>Total trade and other payables</b>	<b>11,346,894</b>	<b>7,525,562</b>

### 11 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.

# RFM Almond Fund 2006

ARSN 117 859 391

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 11 Financial risk management policies (continued)

#### (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 cooperative. The Responsible Entity retains ownership of the almonds until payment is received for their sale. Credit risk from this counterparty is assessed as low.

#### (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

Market risk is the risk that the fair value or future cash flows of financial assets will fluctuate due to changes in market variables such as interest rates. The effects of a \$0.50/kg change in the price of almonds on unrealised harvest proceeds are shown in the following table. Any effect in the unrealised harvest proceeds would effect the net payable or receivable from the grower following payment of next year's growing costs.

	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</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	<b>527</b>	<b>419,997</b>	412	328,078
Decrease of \$0.50/kg	<b>(527)</b>	<b>(419,997)</b>	(412)	(328,078)

# **RFM Almond Fund 2006**

ARSN 117 859 391

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **11 Financial risk management policies (continued)**

#### **(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.

### **12 Key management personnel**

#### **(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:

Guy Paynter  
David Bryant  
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 \$226.18 (2014: \$220.66) per grove as a management fee. 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 2015

### 13 Related party transactions

Transactions between related parties are on commercial terms and conditions.

#### (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 2015. These fees are based on 797 almond Groves.

Agricultural produce of \$8,924,459 was transferred into the Scheme by the Grower.

Transactions between the Scheme and the Responsible Entity and associated entities of the Responsible Entity:

	2015	2014
	\$	\$
Responsible Entity's management fees	180,262	175,865
Licence fee – Rural Funds Group	1,146,419	1,074,072
Operating expenses - RFM	3,195,130	2,653,239
Price management plan support payable to Growers - RFM	-	(228,172)
<b>Total</b>	<b>4,521,811</b>	<b>3,675,004</b>

#### (b) Creditors

RFM	1,463,018	60,421
<b>Total</b>	<b>1,463,018</b>	<b>60,421</b>

#### (c) Share redemption by related parties

RF Active	22,934	-
<b>Total</b>	<b>22,934</b>	<b>-</b>

The Scheme acquired 22,934 units in RF Active in June 2014 for \$22,934. These units were sold back to RF Active on 15 October 2014.

### 14 Cash flow information

Reconciliation of net profit after income tax to cash flow from operating activities

<b>Profit for the year</b>	-	-
<b>Changes in assets and liabilities:</b>		
Decrease/(increase) in trade and other receivables	95,968	689,140
(Increase)/decrease in inventories	(3,661,554)	(1,186,532)
Increase/(decrease) in trade payables and accruals	4,684,747	2,317,233
<b>Cash flow from operating activities</b>	<b>1,119,161</b>	<b>1,819,841</b>

# **RFM Almond Fund 2006**

ARSN 117 859 391

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2015**

### **15 After balance date events**

Following the year end, based on changes in the market, the estimated sales price of almonds, as provided by Almondco increased from \$11.10/kg to \$11.40/kg. As inventory is measured at the lower of cost and net realisable value this price increase has not been taken to account. The final sales proceeds are subject to change based on market conditions throughout the next year and will not be known until 30 June 2016.

No other 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.

# RFM Almond Fund 2006

ARSN 117 859 391

## Directors of the Responsible Entity's Declaration

In the Directors of the Responsible Entity's opinion:

- (a) The financial statements and notes set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - ii. giving a true and fair view of the Scheme's financial position as at 30 June 2015 and of its performance for the year ended on that date 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.

Note 1 (a) confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of Rural Funds Management Limited as the Responsible Entity of RFM Almond Fund 2006.



David Bryant

Director

23 September 2015



## **Independent auditor's report to the growers of RFM Almond Fund 2006**

### ***Report on the financial report***

We have audited the accompanying financial report of RFM Almond Fund 2006 (the registered scheme), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in net assets attributable to growers 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.

### ***Directors' responsibility for the financial report***

The directors of Rural Funds Management Limited (the responsible entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### ***Auditor's responsibility***

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

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

### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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*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 registered scheme's financial position as at 30 June 2015 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*.
- (b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*David Ronald*

David Ronald  
Partner

Sydney  
23 September 2015

### Responsible Entity

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