StockBank

Financial Statements

For the Year Ended 30 June 2015

Rural Funds Management

RFM StockBank

ARSN 153 436 803

Contents

For the Year Ended 30 June 2015

Financial Statements

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ARSN 153 436 803

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
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 201 Sussex Street SYDNEY NSW 2000
Unit Registry	Boardroom Pty Limited Level 12, 225 George Street SYDNEY NSW 2000
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000

Directors of the Responsible Entity's Report
30 June 2015

The Directors of Rural Funds Management Limited ("RFM"), Responsible Entity of RFM StockBank ("StockBank","SBK" or the "Trust") present their report on the Trust for the year ended 30 June 2015.

Directors

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

Name	Position
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 and significant changes in nature of activities

The principal activity of RFM StockBank during the financial year was livestock leasing. Under the livestock leasing operation, StockBank retains the ownership of the livestock and leases them to farmers in return for a lease fee which is similar to interest, and an upfront fee. The farmer retains the return in excess of the above payments and bears the risks associated with the growing of livestock.

StockBank offers farmers a number of structures whereby the farmer can choose between different blends of upfront and deferred fee structures. In addition, RFM StockBank allows farmers to provide different levels of security to manage the fees for the leased livestock.

Trust information

RFM StockBank is a registered Australian managed investment trust, and was constituted in 2011. RFM, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The Registered office of the Responsible Entity is Level 2, 2 King Street, Deakin, ACT 2600.

Operating results

The profit after income tax of the Trust for the year ended 30 June 2015 amounted to $440,180 (2014: $653,336). During the year StockBank generated a lower profit than the prior period, due to the lower lease fee charged as a result of the introduction of the product requiring additional security offered to farmers. The additional security provided by farmers has reduced the risk profile of the Trust, and accordingly reduced the return generated on the leased assets. In addition, during the year, the Trust started estimating the non-recovery of cash on sale of livestock, which has also reduced the profit after income tax.

During the year the level of livestock placements grew by 20.56% from $13,321,467 to $16,060,209 of livestock under lease. The new placements were achieved through a combination of marketing to new livestock agents and favourable livestock conditions providing increased buying opportunities. StockBank held 50,480 head of sheep and 18,150 head of cattle at the end of financial year.

Directors of the Responsible Entity's Report
30 June 2015

Distributions paid or declared

Distributions paid or declared during or since the end of the financial year are as follows:	**$**
Distribution of 2.89 cents per unit paid in November 2014	298,359
Distribution of 1.38 cents per unit paid in February 2015	153,375
Distribution of 1.05 cents per unit paid in May 2015	119,157
Distribution of 0.95 cents per unit declared on 30 June 2015	110,460

Performance

The table below sets out investors' returns over the past 12 months.

Financial Year Returns	2015	2014
Distribution return	6.30%	6.99%
Growth return	-1.61%	-0.55%
Franking credit	2.66%	2.33%
Total Return	7.35%	8.77%

The growth return is calculated as the return derived by a unitholder due to changes in capital value over the period that the Trust has been issuing unit prices. The distribution return is the return derived by a unitholder due to distributions paid by the Trust and assumes that the distribution has been reinvested at the following month's net asset value. The total return is calculated as the investment performance of the Trust assuming the reinvestment of all distributions back into the Trust.

Indirect cost ratio

The Indirect Cost Ratio (ICR) is the ratio of the Trust's management costs over the Trust's average net assets for the year, expressed as a percentage.

Management costs include management fees and reimbursement of other expenses in relation to the Trust, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Trust.

The ICR for the Trust for the year ended 30 June 2015 is 2.70% (2014: 2.28%).

Unit prices

The ex-distribution exit prices and the highest and lowest exit prices for SBK are shown below.

	2015	2014
As at 30 June	1.0023	1.0090
High	1.0249	1.0304
Low	0.9917	0.9965

Directors of the Responsible Entity's Report
30 June 2015

Units on issue

11,627,406 units of StockBank were on issue at 30 June 2015 (2014: 10,043,548). During the year 2,068,529 (2014: 1,182,275) units were issued by the Trust and 484,671 (2014: 2,010,759) were redeemed.

Trust assets

At 30 June 2015, SBK held assets to a total value of $17,626,305 (2014: $14,774,463). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

Banking facilities

StockBank entered into a Revolving Base Borrowing Facility with Australia and New Zealand Banking Group Limited (ANZ) on 18 December 2013 for a term of 3 years with a facility limit of $10,000,000. The facility was utilised during the financial year for the purpose of acquiring livestock, and has a balance drawn down at 30 June 2015 of $3,800,000.

Significant changes in state of affairs

No significant changes in the Trust's state of affairs occurred during the financial year.

Environmental regulation and performance

The operations of the Trust are not subject to significant environmental regulations under the laws of the Commonwealth and States or Territories of Australia. There have been no known breaches of any environmental requirements applicable to the Trust.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Trust, the results of these operations or the state of affairs of the Trust in future financial years.

Indemnification of Responsible Entity and Custodian

In accordance with the constitution, RFM StockBank 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.

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

Guy Paynter	Non-Executive Chairman
Qualifications	Bachelor of Laws from the University of Melbourne
Experience	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 RFM Poultry
David Bryant	Managing Director
Qualifications	Diploma of Financial Planning from the Royal Melbourne Institute of Technology and a Masters of Agribusiness from the University of Melbourne
Experience	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 RFM Poultry
Michael Carroll	Non-Executive Director
Qualifications	Bachelor of Agricultural Science at 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.
Experience	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 Ltd, Rural Funds Group, RFM Poultry and Select Harvests Limited. Michael was also on the board of Warnambool Cheese and Butter Limited from August 2009 until May 2014.

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

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 StockBank 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.

David Ronald
Partner
PricewaterhouseCoopers

Sydney
23 September 2015

RFM StockBank

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Statement of Comprehensive Income
For the Year Ended 30 June 2015

	Note	2015 $	2014 $
Revenue	4	**19,581,259**	12,285,436
Cost of livestock sold		**(19,468,317)**	(12,031,614)
Change in fair value of biological assets	8	**1,798,121**	1,731,607
Management fees		**(292,555)**	(277,229)
Professional fees		**(145,029)**	(216,159)
Livestock costs and landowner profit share		**(111,821)**	(52,004)
Overheads		**(418,989)**	(340,696)
Other expenses		**(153,850)**	(78,215)
Finance costs	5	**(150,697)**	(87,790)
Profit before income tax		**638,122**	933,336
Income tax expense	7	**(197,942)**	(280,000)
Net profit after income tax		**440,180**	653,336
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income attributable to unitholders		**440,180**	653,336

The accompanying notes form part of these financial statements

RFM StockBank

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Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**304,757**	1,033,179
Trade and other receivables	10	**1,195,091**	419,817
Biological assets	8	**16,060,209**	13,321,467
TOTAL CURRENT ASSETS		**17,560,057**	14,774,463
NON-CURRENT ASSETS			
Deferred tax assets	14	**66,248**	-
TOTAL NON-CURRENT ASSETS		**66,248**	-
TOTAL ASSETS		**17,626,305**	14,774,463
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**2,161,536**	643,844
Current tax liabilities	13	**27,776**	84,244
TOTAL CURRENT LIABILITIES		**2,189,312**	728,088
NON-CURRENT LIABILITIES			
Borrowings	12	**3,800,000**	3,750,000
Deferred tax liabilities	14	**-**	24,050
TOTAL NON-CURRENT LIABILITIES		**3,800,000**	3,774,050
TOTAL LIABILITIES (excluding net assets attributable to unitholders)		**5,989,312**	4,502,138
Net assets attributable to unitholders		**11,636,993**	10,272,325
TOTAL LIABILITIES		**17,626,305**	14,774,463

The accompanying notes form part of these financial statements

RFM StockBank

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Statement of Changes in Net Assets Attributable to Unitholders
For the Year Ended 30 June 2015

2015	Note	Issued units $	Retained earnings $	Total equity $
Balance at 1 July 2014		**10,065,015**	**207,310**	**10,272,325**
Profit before income tax		**-**	**638,122**	**638,122**
Income tax applicable	7(a)	**-**	**(197,942)**	**(197,942)**
Total comprehensive income for the year		**-**	**440,180**	**440,180**
Units issued during the year		**2,123,699**	**-**	**2,123,699**
Redemption of units		**(483,564)**	**-**	**(483,564)**
Issue costs		**(48,994)**	**-**	**(48,994)**
Income tax applicable	7(b)	**14,698**	**-**	**14,698**
Total equity transactions		**1,605,839**	**-**	**1,605,839**
Distributions to unitholders	18	**(29,068)**	**(652,283)**	**(681,351)**
Balance at 30 June 2015		**11,641,786**	**(4,793)**	**11,636,993**

2014	Note	Issued units $	Retained earnings $	Total equity $
Balance at 1 July 2013		11,050,207	138,938	11,189,145
Profit before income tax		-	933,336	933,336
Income tax applicable	7(a)	-	(280,000)	(280,000)
Total comprehensive income for the year		-	653,336	653,336
Units issued during the year		1,234,709	-	1,234,709
Redemption of units		(2,024,175)	-	(2,024,175)
Issue costs		(3,363)	-	(3,363)
Income tax applicable	7(b)	1,009	-	1,009
Total equity transactions		(791,820)	-	(791,820)
Distributions to unitholders	18	(193,372)	(584,964)	(778,336)
Balance at 30 June 2014		10,065,015	207,310	10,272,325

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Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers		**22,225,996**	13,372,938
Cash payments to suppliers		**(23,563,461)**	(17,870,666)
Interest received		**19,500**	40,942
Finance costs		**(150,697)**	(87,790)
Income tax paid	14	**(330,010)**	(257,207)
Net cash used in operating activities	21	**(1,798,672)**	(4,801,783)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of units		**2,123,699**	1,748,164
Equity issue costs		**(48,994)**	(3,363)
Redemption of units		**(483,564)**	(2,024,175)
Proceeds from borrowings		**3,800,000**	3,750,000
Repayment of borrowings		**(3,750,000)**	-
Distributions paid		**(570,891)**	(777,711)
Net cash provided by financing activities		**1,070,250**	2,692,915
Net decrease in cash and cash equivalents		**(728,422)**	(2,108,868)
Cash and cash equivalents at beginning of year		**1,033,179**	3,142,047
Cash and cash equivalents at end of financial year	9	**304,757**	1,033,179

The accompanying notes form part of these financial statements

This financial report covers the financial statements and notes of RFM StockBank. RFM StockBank is a Trust established and domiciled in Australia. The Directors of the Responsible Entity have authorised the Financial Report for issue on 23 September 2015 and have the power to amend and reissue the Financial Report.

The financial statements are presented in Australian dollars which is the Trust's functional and presentation currency.

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, the Trust's constitution and the *Corporations Act 2001*. The report has been prepared on a going concern basis.

The financial statements and accompanying notes of RFM StockBank comply with Australian Accounting Standards and 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 have been prepared on an accruals basis and are based on historical costs except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Comparative amounts

Comparatives are consistent with prior years, unless otherwise stated.

(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 entity and specific criteria relating to the type of revenue as noted below, have been satisfied.

Revenue on livestock under the profit share model is recognised in accordance with Accounting Standard AASB 141 Agriculture, which requires livestock to be measured at net market value at each reporting date. The net market value is determined through price movements and the weight of the livestock, and deducting the costs expected to be incurred in realising the market value (including freight and selling costs).

Under the profit share model any increase or decrease in the net fair value of biological assets is recognised as income or expense in the statement of comprehensive income. The movement is determined as the difference between the net fair value at the beginning and the end of the year adjusted for sales and purchases.

Revenue from the sale of livestock is recognised when there has been a transfer of risks and rewards to the customer through the execution of a sales agreement at the time of delivery of the goods to the customer. The carrying value of the livestock is then transferred to cost of livestock sold. The carrying value of the livestock is deemed to be its net selling price at the date of sale and accordingly sales and cost of livestock sold will offset.

All revenue is stated net of the amount of goods and services tax (GST).

1 Summary of Significant Accounting Policies (continued)

(d) Income tax

The charge for current income tax expense is based on the profit adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is recognised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Trust will derive sufficient future assessable income to enable the benefit to be recognised and comply with the conditions of deductibility imposed by the law.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense. 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(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.

Amounts are generally received within 30 days of being recorded as receivables.

1 Summary of Significant Accounting Policies (continued)

(h) Biological assets

Biological assets of the Trust represent livestock. Livestock are measured at cost when purchased and at each subsequent reporting date at their fair value less estimated sales costs (net market value).

(i) Impairment of assets

At each reporting date, the Trust 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 income statement.

(j) Financial assets and liabilities

(i) 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.

(ii) 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.

(iii) Financial liabilities

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

(iv) Fair value

Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(k) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Trust no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or the cash flows attributable to the instrument are passed through to an independent third party.

(l) 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 Trust.

Payables include outstanding settlements on distributions payable, the carrying period is dictated by market conditions and is generally less than 60 days.

1 Summary of Significant Accounting Policies (continued)

(m) Provisions

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

(i) Provisions for distributions

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Trust, on or before the end of the reporting period but not distributed at the end of the reporting period.

(n) Unitholders' funds

In accordance with AASB132 Financial Instruments: Presentation, unitholders' funds must be regarded as liabilities where a Trust's constitution contains a perpetuity clause requiring the Trust to be terminated at a particular date.

(o) Unit prices

Unit prices are determined in accordance with the Trust's Constitution and are calculated as the net assets attributable to unit holders of the Trust, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

(p) Finance costs

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

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

(q) Distributions

In accordance with the Trust's Constitution, the Responsible Entity of the Trust has the discretion to distribute both income and capital.

1 Summary of Significant Accounting Policies (continued)

(r) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Trust has decided against early adoption of these Standards. These standards are not expected to have any significant impact on the Trust.

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 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.

1 Summary of Significant Accounting Policies (continued)

(r) New accounting standards for application in future periods (continued)

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.
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.

2 Significant accounting judgements, estimates and assumptions

The preparation of the 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 critical 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.

Valuation

Where livestock are leased under the leasing operating model, the fair value of the livestock is determined having regard to the proportion of the return StockBank expects to earn as a lease fee on the livestock and other amounts recoverable by StockBank at the end of the lease. These amounts are included in the value of biological increments and livestock sales.

3 Operating segments

StockBank operates one business segment being the leasing of livestock (2014: one segment). Performance of the segment is measured on profit after tax.

4 Revenue

	2015 $	2014 $
Livestock sales	**19,468,317**	12,031,614
Processing and administration fees	**64,442**	174,797
Interest income	**19,500**	40,942
Other income	**29,000**	38,083
Total	**19,581,259**	12,285,436

5 Finance costs

Interest expense	**150,697**	87,790
Total	**150,697**	87,790

6 Remuneration of auditor

Remuneration of the auditor of the Trust for:		
Auditing or reviewing the financial report	**37,382**	36,692
Total	**37,382**	36,692

Notes to the Financial Statements
For the Year Ended 30 June 2015

	2015 $	2014 $

7 Income tax expense

(a) The major components of tax expense comprise:

	2015 $	2014 $
Current income tax	**273,542**	263,488
Deferred income tax	**(75,600)**	16,512
Income tax benefit reported in the Statement of Comprehensive Income	**197,942**	280,000

Income tax expense is attributable to:

	2015 $	2014 $
Profit from continuing operations	**197,942**	280,000
Aggregate income tax expense	**197,942**	280,000

(b) Amounts charged or credited directly to equity

	2015 $	2014 $
Capitalised issue costs	**(14,698)**	(1,009)
Total	**(14,698)**	(1,009)

(c) Numerical reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate

	2015 $	2014 $
Accounting profit before tax from continuing operations	**638,122**	933,336
At the statutory income tax rate of 30% (2014: 30%)	**191,437**	280,000
Other	**6,505**	-
Total income tax expense	**197,942**	280,000

8 Biological assets

	2015 $	2014 $
CURRENT		
Opening balance	**13,321,467**	7,613,131
Additions/purchases	**20,408,938**	16,008,343
Decreases due to sales	**(19,468,317)**	(12,031,614)
Change in fair value	**1,798,121**	1,731,607
Balance at 30 June	**16,060,209**	13,321,467

Biological assets held at 30 June 2015 comprise 50,480 sheep (2014: 40,040 sheep) and 18,150 cattle (2014: 18,499 cattle).

	2015 $	2014 $
Fair value less other costs to sell	**16,175,806**	13,321,467
Estimated non-recovery of cash on sale	**(115,597)**	-
Fair value less costs to sell	**16,060,209**	13,321,467

Movements in estimated non-recovery of cash on sale are a deemed cost to sell and taken to the increment on biological assets in the statement of comprehensive income.

	2015	2014
	$	$

9 Cash and cash equivalents

Cash at bank	**304,757**	1,033,179
Total	**304,757**	1,033,179

Reconciliation of cash

Cash and cash equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the financial position as follows:

Cash and cash equivalents	**304,757**	1,033,179

10 Trade and other receivables

CURRENT		
Trade receivables	**751,043**	256,596
Other receivables	**444,048**	163,221
Total	**1,195,091**	419,817

Trade receivables are non-interest bearing and are generally on 30 day terms. There were no impaired receivables at 30 June 2015.

11 Trade and other payables

CURRENT		
Trade payables	**367,129**	227,807
Sundry payables and accruals	**424,014**	248,152
Deposits	**1,370,393**	167,885
TOTAL	**2,161,536**	643,844

Trade payables are payable on 30 day terms and are not interest bearing.

12 Borrowings

NON CURRENT		
Bank borrowings	**3,800,000**	3,750,000
TOTAL	**3,800,000**	3,750,000

StockBank entered into a Revolving Base Borrowing Facility with Australia and New Zealand Banking Group Limited (ANZ) on 18 December 2013 for a term of 3 years with a limit of $10,000,000 at a floating interest rate determined by reference to the Bank Bill Swap rate at the time of drawdown plus a commercial margin. The facility was utilised during the financial year for the purpose of acquiring livestock, and has a balance outstanding at 30 June 2015 of $3,800,000 (2014: 3,750,000). This facility is secured by biological assets owned by StockBank.

13 Income tax payable

	2015	2014
	$	$
CURRENT		
Income tax payable	**27,776**	84,244
Total	**27,776**	84,244

14 Deferred tax

(a) Deferred tax assets

	2015	2014
Accruals	**6,635**	8,430
Estimated non-recovery of cash on sale	**34,678**	-
Equity issue costs	**24,935**	19,663
Gross deferred tax assets	**66,248**	28,093
Set-off of deferred tax liabilities	**-**	(28,093)
Net deferred tax assets	**66,248**	-

(b) Deferred tax liabilities

	2015	2014
Biological assets	**-**	52,143
Gross deferred tax liabilities	**-**	52,143
Set-off of deferred tax assets	**-**	(28,093)
Net deferred tax liabilities	**-**	24,050

(c) Recognised deferred tax assets and liabilities

	Current income tax		Deferred income tax	
	2015	2014	2015	2014
	$	$	$	$
Opening balance	**(84,244)**	(77,964)	**(24,050)**	(8,546)
Charged/credited to income	**(273,542)**	(263,487)	**75,600**	(16,513)
Charged/credited to equity	**-**	-	**14,698**	1,009
Payments	**330,010**	257,207	**-**	-
Closing balance	**(27,776)**	(84,244)	**66,248**	(24,050)

	2015	2014
Tax expense in income statement	**197,942**	280,000

15 Financial risk management

The Trust is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Trust's objectives, policies and processes for managing and measuring these risks. The Trust's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Trust does not speculate in financial assets.

The most significant financial risks which the Trust is exposed to are described below:

Specific risks

- Market risk - interest rate risk and price risk
- Credit risk
- Liquidity risk

Financial instruments used:

The principal categories of financial instruments used by the Trust are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Floating rate bank loans

Financial risk management policies

Risks arising from holding financial instruments are inherent in the Trust's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Trust is exposed to credit risk, liquidity risk and market risk.

Financial instruments of the Trust comprise cash and cash equivalents, floating rate bank debt 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 unitholders of the Trust from changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

Concentrations of risk arise where a number of financial instruments or contracts are entered into with the same counterpart, or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentration of risk, the Trust monitors its exposure to ensure concentrations of risk remain within acceptable levels.

15 Financial risk management (continued)

(a) Liquidity risk and capital management

The table below reflects all contractually fixed repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2015.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months		6 months to 1 years		1 to 5 years		Over 5 years		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Financial assets										
Cash and cash equivalents	**304,757**	1,033,179	-	-	**-**	-	**-**	-	**304,757**	1,033,179
Trade and other receivables	**1,195,091**	419,817	-	-	**-**	-	**-**	-	**1,195,091**	419,817
Total Financial assets	**1,499,848**	1,452,996	-	-	**-**	-	**-**	-	**1,499,848**	1,452,996
Financial liabilities										
Trade and other payables	**2,161,535**	643,844	-	-	**-**	-	**-**	-	**2,161,535**	643,844
Borrowings	**-**	-	**-**	-	**3,800,000**	3,750,000	**-**	-	**3,800,000**	3,750,000
Total Financial liabilities	**2,161,535**	643,844	**-**	-	**3,800,000**	3,750,000	**-**	-	**5,961,535**	4,393,844

The Trust manages liquidity risk by monitoring forecast cash flows. The livestock assets of the trust are considered to be liquid in that there are active markets and assets can be sold and proceeds received within very short time frames.

The Responsible Entity of the Trust defines capital as net assets attributable to unitholders. The Trust's objectives when managing capital are to safeguard the going concern of the Trust and to maintain an optimal capital structure.

The Trust is able to maintain or adjust its capital by divesting assets to reduce debt or adjusting the amount of distributions paid to unitholders.

15 Financial risk management (continued)

(b) Credit risk

Credit risk arises from the financial assets of the Trust, which comprise cash and cash equivalents, and trade and other receivables. The Trust's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets.

With respect to receivables, the credit risk is concentrated in the livestock growing and meat processing industries. The Trust maintains its credit risk by maintaining strong relationships with a limited number of quality customers. There are no significant concentrations of credit risk.

(c) Price risk

The operating model applied to cattle has been amended such that StockBank earns a fixed return from the leasing of cattle. Under this model, the price risk is being borne by the lessee.

(d) Sensitivity analysis – interest rate risk

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2015 $	2014 $
Change in profit		
Increase in interest rate by 1%	**(34,952)**	(27,168)
Decrease in interest rate by 1%	**34,952**	27,168
Change in equity		
Increase in interest rate by 1%	**(24,467)**	(19,018)
Decrease in interest rate by 1%	**24,467**	19,018

16 Fair value measurement

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Trust has classified its non-financial assets into the three levels prescribed under the Australian Accounting Standards.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy. The level in the fair value hierarchy is determined having regard to the nature of inputs used to determine fair value. The hierarchy is as follows:

- Level 1 Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (such as publicly traded equities).
- Level 2 Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 One or more significant inputs to the determination of fair value is based on unobservable inputs for the asset or liability.

16 Fair value measurement (continued)

Non - financial assets

(i) Fair value hierarchy

As at 30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Biological Assets				
Livestock	-	-	16,060,209	16,060,209
Total non-financial assets	-	-	16,060,209	16,060,209

As at 30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Biological Assets				
Livestock	-	-	13,321,467	13,321,467
Total non-financial assets	-	-	13,321,467	13,321,467

The Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels for recurring fair value measurements during the year.

(ii) Valuation techniques used to determine level 3 fair values

The Trust regularly assesses the value of its livestock assets and values them according to its contractual entitlements.

At the end of each reporting period, the directors update their assessment of the fair value of livestock, taking into account the most recent contract performance. The directors determine a livestock value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar livestock. However, the Trust's entitlement to value from its livestock, for livestock held under the lease fee model, is limited to the amount of the lease fee as prescribed under the lease fee for the relevant livestock. Accordingly, the directors consider most reliable information for valuing the Trust's livestock to be the expected future cash flow from the livestock taking into account contractual entitlements at balance date.

All resulting fair value estimates for biological assets are included in level 3.

16 Fair value measurement (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Livestock $
Opening balance 1 July 2013	7,613,131
Additions	16,008,343
Disposals	(12,031,614)
Fair value adjustment	1,731,607
Closing balance at 30 June 2014	**13,321,467**
Additions	20,408,938
Disposals	(19,468,317)
Fair value adjustment	1,798,121
Closing balance at 30 June 2015	**16,060,209**

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at 30 June 2015 $	Range of inputs (weighted average)	Relationships of unobservable inputs to fair value
Livestock – lease fee model	16,060,209	13%-20.0% (15.72%)	The higher the lease fee rate, the higher the fair value.

(v) Valuation processes

The main level 3 inputs used by the Trust include the lease fee rate of individual placement contracts and livestock prices.

17 Issued capital

	2015 No.	2014 No.
Units on issue at the beginning of the year	**10,043,548**	10,872,032
Units issued during the year	**2,068,529**	1,182,275
Units redeemed during the year	**(484,671)**	(2,010,759)
Units on issue at the end of the financial year	**11,627,406**	10,043,548

At balance sheet date, the unit redemption price was $1.0023 (2014: $1.0090) representing $11,654,149 in value (2014: $10,133,940).

18 Distributions

(a) Distribution provided for or paid during the year

	2015 $	2014 $
Distribution (November 2014) 2.89 cents	**298,359**	
Distribution (February 2015) 1.38 cents	**153,375**	
Distribution (May 2015) 1.05 cents	**119,157**	
Distribution (declared on 30 June 2015) 0.95 cents	**110,460**	
Distribution (November 2013) 4.25 cents		486,292
Distribution (May 2014) 2.68 cents		292,044

(b) Distribution payable

Distribution unpresented	**625**	625
Distribution declared 30 June 2015	**110,460**	-
Distribution payable 30 June	**111,085**	625

19 Key management personnel

(a) Directors

The Directors of RFM are considered to be Key Management Personnel of the Trust. 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 Trust is considered to be Key Management Personnel with the authority for the strategic direction and management of the Trust.

The constitution of StockBank is a legally binding document between the unit holders of the Trust and RFM as Responsible Entity. Under the constitution, RFM is entitled to the following remuneration:

(i) Withdrawal (exit) Fee - 0.5% (2014: 0.5%) of the value of units redeemed from the Trust.

(ii) Expenses - all expenses incurred by the RFM in relation to the proper performance of its duties in respect of the Trust are payable or reimbursable out of the Trust assets to the extent that such reimbursement is not prohibited by Corporations Law.

(iii) Revenue Share Fee - 15% (2014: 15%) of the total revenue earned on livestock placements under the leasing model, with 3% (2014: 3%) designated as a fund management fee and the balance an asset management fee based on an estimate of activities undertaken.

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

19 Key management personnel (continued)

(c) Compensation of key management personnel

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 *Related Party Disclosures* is paid by the Trust to the Directors as Key Management Personnel. Fees paid to RFM, the Responsible Entity, are disclosed in Note 20.

20 Related party transactions

Transactions between related parties are on commercial terms and conditions.

(a) Responsible Entity (Rural Funds Management Limited) and related entities

Transactions between the Trust and the Responsible Entity and any of its associated entities:

	2015 $	2014 $
Asset management fee paid to RFM	**234,044**	214,693
Fund management fee paid to RFM	**58,511**	62,536
Total management fees	**292,555**	277,229
Profit share warranties received from RFM	**(13,579)**	(49,463)
Cost warranties received from RFM	**(28,999)**	(38,087)
Total warranty rebates	**(42,578)**	(87,550)
Total management fees less warranty rebates	**249,977**	189,679
Grower default compensation paid	**-**	10,891
Expenses reimbursed to RFM	**619,275**	457,406
Distributions paid and payable to RF Active	**131,727**	-
Distributions paid and payable to Rural Funds Group	**112,631**	339,380
Total amounts paid to RFM and related entities	**1,113,610**	997,356

(b) Custodian fees (Australian Executor Trustees Limited)

Custodian fee	**17,219**	2,000
Total	**17,219**	2,000

(c) Debtors

RFM	**-**	67,271
Other amounts receivable from RFM	**344,789**	181,997
Total	**344,789**	249,268

(d) Creditors

RFM	**93,356**	97,950
RF Active	**37,024**	-
Total	**130,380**	97,950

20 Related party transactions (continued)

(e) Entities with influence over the Trust

	2015		2014	
	Units held	**% held**	**Units held**	**% held**
RF Active	3,897,259	33.52	-	-
Rural Funds Group	-	-	3,897,259	38.80

21 Cash flow information

Reconciliation of net profit after tax to cash flows from operating activities	**2015**	2014
	$	$
Net profit after income tax	**440,180**	653,336
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	**(775,274)**	39,714
Decrease/(increase) in biological assets	**(2,738,742)**	(5,708,337)
Increase/(decrease) in trade and other payables	**1,407,232**	191,721
Increase/(decrease) in income tax payable	**(56,468)**	6,280
Increase/(decrease) in deferred tax liabilities	**(75,600)**	15,503
Cash flow from operating activities	**(1,798,672)**	(4,801,783)

RFM StockBank

ARSN 153 436 803

Directors of the Responsible Entity's Declaration
For the Year Ended 30 June 2015

In the Directors of the Responsible Entity's opinion:

(a) The financial statements and notes set out on pages 8 to 29 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 Trust'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 Trust 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 StockBank.

David Bryant
Director

23 September 2015

Independent auditor's report to the unitholders of RFM StockBank

Report on the financial report

We have audited the accompanying financial report of RFM StockBank (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 unitholders 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
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Auditor's opinion

In our opinion:

(a) the financial report of RFM StockBank 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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