

# RFM Almond Fund

Financial Report  
For the Period Ended 7 July 2021

**RFM Almond Fund**  
ARSN 117 859 391

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# **RFM Almond Fund**

ARSN 117 859 391

## **Corporate Directory**

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 AFSL 226 701 Level 2, 2 King Street DEAKIN ACT 2600 Ph: 1800 026 665
Directors	Guy Paynter David Bryant Michael Carroll Julian Widdup
Company Secretary	Emma Spear
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 19, 60 Castlereagh Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers One International Towers Sydney Watermans Quay BARANGAROO NSW 2000
Share Registry	Boardroom Pty Limited Level 12, 225 George Street SYDNEY NSW 2000 Ph: 1300 737 760
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000

# RFM Almond Fund

ARSN 117 859 391

## Directors' Report

7 July 2021

The Directors of Rural Funds Management Limited (RFM), the Responsible Entity of RFM Almond Fund (RAF or the Trust) present their report on the Trust for the period from 1 July 2020 to 7 July 2021 (the period).

### Directors

The following persons held office as Directors of the Responsible Entity during the period and up to the date of this report:

Guy Paynter	Non-Executive Chairman
David Bryant	Managing Director
Michael Carroll	Non-Executive Director
Julian Widdup	Non-Executive Director

### Principal activities and significant changes in nature of activities

The principal activity of the Trust during the period was the commercial growing of almonds to be sold for processing and consumption in Australia and internationally.

On 28 August 2019, the Growers of the RFM Almond Fund 2006 (AF06 or the Scheme) agreed to convert their Almond lots into units and the Growers of the RFM Almond Fund 2007 (AF07) and RFM Almond Fund 2008 (AF08) agreed to merge with AF06 and exchange their Almond lots for units in AF06. RFM also agreed to convert its 291 Almond lots in AF06 to units in RAF.

The merger was completed on 30 August 2019, RFM Almond Fund 2006 changed its name to RFM Almond Fund. On 30 August 2019, RAF was converted to a unit trust and acquired RFM owned area of 41.22 hectares. New units have been issued to all the Growers (referred to as unitholders post-merger) based on a conversion ratio, which was calculated based on the value per hectare for AF06, AF07, AF08 (collectively referred to as Schemes) and RFM owned area.

On 20 April 2020, RFM advised unitholders of the possibility of an early liquidity event through the potential sale of the Moorall orchard. On 24 August 2020, RFM as responsible entity of Rural Funds Group (RFF), the owner of the Moorall orchard, announced that conditional contracts have been exchanged for the sale of Moorall. On 2 December 2020, the sale of Moorall was completed and the wind up of RAF commenced. RFM has returned all capital to unitholders by 30 June 2021 and will seek to deregister the RAF by 31 December 2021.

### Operating results

The net profit attributable to unitholders for the 12 month and 7 day period ended 7 July 2021 amounted to \$1,626,630 (30 June 2020: \$381,724).

The 2020 harvest proceeds were received in the 2021 financial year. The actual sales price of the 2020 harvested almonds was \$6.95 per kilogram.

### Financial position

At 7 July 2021, the Trust held nil total assets (30 June 2020: \$43,539,685).

### Distributions

	Cents	Total
	per unit	\$
Distribution declared 4 December 2020, paid 15 December 2020	4.4200	418,229
Distribution declared 30 March 2021, paid 14 April 2021	63.4100	5,999,946
Distribution declared 16 June 2021, paid 30 June 2021	44.4820	4,208,954

### Units on issue

9,462,145 units in RAF were on issue at 7 July 2021 (30 June 2020: 9,462,145).

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## Directors' Report

7 July 2021

### Significant changes in state of affairs

The wind up of RAF commenced subsequent to the sale the Moorall orchard on 2 December 2020. As the result, the financial statements for the period ended on 7 July 2021 has been prepared on a realisation basis. In the opinion of the Directors, there were no other significant changes in the state of affairs to the Trust during the period.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since the end of the period that has significantly affected or could significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

### Likely developments and expected results of operations

On payment of the final distribution, all the units in the Trust are in the process of cancellation and RFM agreed to underwrite all the expenses of closing the Trust.

### Environmental regulation

The operations of the Trust are subject to environmental regulations under the laws of the Commonwealth and States or Territories of Australia. There have been no known significant breaches of any environmental requirements applicable to the Trust.

### Indemnity of Responsible Entity and Custodian

In accordance with the constitution, RFM Almond Fund indemnifies the Directors, Company Secretary and all other officers of the Responsible Entity and Custodian when acting in those capacities, against costs and expenses incurred in defending certain proceedings.

### Rounding of amounts

The Trust is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly amounts in the financial statements and Directors' report have been rounded to the nearest dollar.

### Information on Directors of the Responsible Entity

<b>Guy Paynter</b>	Non-Executive Chairman
Qualifications	Bachelor of Laws from The University of Melbourne
Experience	Guy Paynter is a former director of broking firm JB Were. Guy 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's agricultural interests include cattle breeding in the Upper Hunter region in New South Wales.
Special responsibilities	Member of Audit Committee and Remuneration Committee
Directorships of the listed entities in the last three years	Rural Funds Group, RFM Poultry

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## Directors' Report

7 July 2021

### Information on Directors of the Responsible Entity (continued)

<b>David Bryant</b>	Managing Director
Qualifications	Diploma of Financial Planning from the Royal Melbourne Institute of Technology and Masters of Agribusiness from The University of Melbourne.
Experience	David Bryant established RFM in February 1997 and since that time has led the team that is responsible for the acquisition of large-scale agricultural property assets and associated water entitlements. RFM manages approximately \$1.3 billion of agricultural assets. David is responsible for leading the RFM management team, maintaining key commercial relationships and sourcing new business opportunities.
Special responsibilities	Managing Director
Directorships of the listed entities in the last three years	Rural Funds Group, RFM Poultry
<b>Michael Carroll</b>	Non-Executive Director
Qualifications	Bachelor of Agricultural Science, La Trobe University and Master of Business Administration, Melbourne University Business School. Michael has also completed the Advanced Management Program at Harvard Business School and is a Fellow of the Australian Institute of Company Directors.
Experience	<p>Chair of Viridis Ag Pty Limited and the Australian Rural Leadership Foundation. Director of Paraway Pastoral Company Limited, Genetics Australia and the Regional Investment Corporation. Michael also runs his own cattle business in south west Victoria.</p> <p>Former board positions include Select Harvests Limited, Elders Limited, Sunny Queen Australia Pty Limited, Tassal Group Limited, the Australian Farm Institute, Warrnambool Cheese and Butter Factory Company Holdings Limited, Queensland Sugar Limited, Rural Finance Corporation of Victoria, Meat and Livestock Australia and the Geoffrey Gardiner Dairy Foundation.</p> <p>Michael's executive experience includes establishing and leading the National Australia Bank's Agribusiness division and as a Senior Adviser in NAB's internal investment banking and corporate advisory team. Prior to that Michael worked for Monsanto Agricultural Products and a biotechnology venture capital company.</p>
Special responsibilities	Chairman of Audit Committee and Remuneration Committee
Directorships of the listed entities in the last three years	Michael is on the Board of Rural Funds Group, with previous roles as Chairman of Elders Limited and Director of Select Harvests Limited, Tassal Group Limited and RFM Poultry.

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## Directors' Report

7 July 2021

### Information on Directors of the Responsible Entity (continued)

<b>Julian Widdup</b>	Non-Executive Director
Qualifications	Bachelor of Economics, Master of Business Administration and University Medal from the Australian National University. Completed the Senior Executive Leadership Program at Harvard Business School. Fellow of the Institute of Actuaries of Australia and Fellow of the Australian Institute of Company Directors.
Experience	Julian Widdup is currently a director of the Australian Catholic Superannuation & Retirement Fund, Screen Canberra and Cultural Facilities Corporation. He worked in the financial services industry for over 20 years including as a senior executive of asset management companies, Palisade Investment Partners and Access Capital Advisers (now Whitehelm Capital). Julian brings extensive experience to the RFM board having been a director of Darwin International Airport, Alice Springs Airport, NZ timberland company Taumata Plantations Limited, Regional Livestock Exchange Investment Company, Merredin Energy power utility and the Victorian AgriBioscience Research Facility.
Special responsibilities	Member of Audit Committee and Remuneration Committee
Directorships of the listed entities in the last three years	Rural Funds Group, RFM Poultry

### Company Secretary of the Responsible Entity

Emma Spear is RFM's company secretary. Emma joined RFM in 2008, is a member of CPA Australia and is admitted as a Legal Practitioner of the Supreme Court of the ACT.

### Meetings of Directors of the Responsible Entity

During the financial year 15 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the period were as follows:

#### Directors meetings

	No. eligible to attend	No. attended
Guy Paynter	13	13
David Bryant	13	13
Michael Carroll	13	13
Julian Widdup	13	13

### Non-audit services

During the period ended 7 July 2021 fees of \$8,000 (2020: \$7,845) were paid or payable to PricewaterhouseCoopers for compliance audit services provided.

# **RFM Almond Fund**

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## **Directors' Report**

7 July 2021

### **Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act* 2001 for the period ended 7 July 2021 has been received and is included on page 7 of the financial report.

The Directors' report is signed in accordance with a resolution of the Board of Directors of Rural Funds Management Limited.

A handwritten signature in black ink, appearing to read 'David Bryant', is written over a faint, light blue circular stamp.

David Bryant  
Director

28 September 2021





## *Auditor's Independence Declaration*

As lead auditor for the audit of RFM Almond Fund for the year ended 7 July 2021, 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, appearing to read 'Rod Dring'.

Rod Dring  
Partner  
PricewaterhouseCoopers

Sydney  
28 September 2021

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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# RFM Almond Fund

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## Statement of Comprehensive Income

For the period ended 7 July 2021

		2021 12 months and 7 days \$	2020 12 months \$
Revenue	5	14,580,863	14,013,394
Change in fair value of biological assets	12	-	675,865
Income from sale of unharvested crop and farming inventories	6	7,361,601	-
Interest income		4,454	5,548
Other income		54,677	11,250
Cost of agricultural produce sold		(14,518,966)	(13,078,171)
Cost of the unharvested crop sold	6	(7,231,371)	-
Professional fees		(127,862)	(161,206)
Finance costs		(36,465)	(155,201)
Other expenses		(259,345)	(469,450)
Management fees		(124,665)	(41,302)
Derecognition of right-of-use assets and lease liabilities	6	2,470,473	-
Acquisition expenses		-	(158,403)
Impairment of goodwill		-	(255,197)
Gain on acquisition		-	266,203
<b>Net profit before income tax</b>		<b>2,173,394</b>	<b>653,330</b>
Income tax expense	7	(546,764)	(271,606)
<b>Net profit after income tax</b>		<b>1,626,630</b>	<b>381,724</b>
<b>Other comprehensive income:</b>			
Other comprehensive income		-	-
<b>Net profit attributable to unitholders</b>		<b>1,626,630</b>	<b>381,724</b>

The accompanying notes form part of these financial statements.

# RFM Almond Fund

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## Statement of Financial Position

As at 7 July 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	-	237,813
Trade and other receivables	10	-	354,840
Inventories	11	-	14,665,918
Biological assets		-	-
Other assets	12	-	25,081
<b>Total current assets</b>		-	15,283,652
<b>Non-current assets</b>			
Financial assets	13	-	4,200
Deferred tax assets	17	-	-
Goodwill	14	-	-
Right of use assets		-	28,251,833
<b>Total non-current assets</b>		-	28,256,033
<b>Total assets</b>		-	43,539,685
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	-	767,648
Interest bearing liabilities		-	1,000,000
Provisions		-	-
Lease liabilities		-	3,664,116
<b>Total current liabilities</b>		-	5,431,764
<b>Non-current liabilities</b>			
Interest bearing liabilities	16	-	1,500,000
Deferred tax liabilities	17	-	731,341
Lease liabilities		-	26,832,146
<b>Total non-current liabilities</b>		-	29,063,487
<b>Total liabilities</b>		-	34,495,251
<b>NET ASSETS</b>		-	9,044,434
<b>EQUITY</b>			
Issued capital	21	-	8,616,600
Retained earnings		-	427,834
<b>Total equity</b>		-	9,044,434

The accompanying notes form part of these financial statements.

# RFM Almond Fund

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## Statement of Changes in Equity

For the period ended 7 July 2021

	Issued capital \$	Retained earnings \$	Total \$
<b>Balance at 1 July 2020</b>	<b>8,616,600</b>	<b>427,834</b>	<b>9,044,434</b>
Net profit before income tax	-	2,173,394	2,173,394
Income tax expenses	-	(546,764)	(546,764)
<b>Total profit attributable to unitholders</b>	<b>-</b>	<b>1,626,630</b>	<b>1,626,630</b>
<b>Transaction with unitholders</b>			
Wind up costs	(43,936)	-	(43,936)
Distributions to unitholders	(8,572,664)	(2,054,464)	(10,627,129)
<b>Total transaction with unitholders</b>	<b>(8,616,600)</b>	<b>(2,054,464)</b>	<b>(10,671,064)</b>
<b>Balance at 7 July 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Issued capital \$	Retained earnings \$	Total \$
<b>Balance at 1 July 2019</b>	<b>-</b>	<b>4,952,599</b>	<b>4,952,599</b>
Net profit before income tax	-	653,330	653,330
Income tax expenses	-	(271,606)	(271,606)
<b>Total profit attributable to unitholders</b>	<b>-</b>	<b>381,724</b>	<b>381,724</b>
<b>Transaction with unitholders</b>			
Units issued during the year	8,616,600	(5,820,970)	2,795,630
Distributions to unitholders	-	-	-
Non-cash recovery from Growers	-	914,481	914,481
<b>Total transaction with unitholders</b>	<b>8,616,600</b>	<b>(4,906,489)</b>	<b>3,710,111</b>
<b>Balance at 30 June 2020</b>	<b>8,616,600</b>	<b>427,834</b>	<b>9,044,434</b>

The accompanying notes form part of these financial statements.

# RFM Almond Fund

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## Statement of Cash Flows

For the period ended 7 July 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		14,822,843	14,025,571
Receipts from sale of unharvested crop		7,361,601	-
Payments to suppliers		(5,811,855)	(8,274,836)
Interest received		4,454	5,548
Finance costs		(36,465)	(155,201)
Finance costs - leases		(516,323)	(1,283,949)
Income tax paid		(1,322,040)	-
Net cash inflow from operating activities	24	14,502,215	4,317,132
<b>Cash flows from investing activities</b>			
Dividend received		180	180
Net cash inflow from investing activities		180	180
<b>Cash flows from financing activities</b>			
Proceeds from sale of investments		4,200	2,500,000
Payment for wind up costs		(43,936)	-
Repayment of borrowings		(2,500,000)	(4,476,961)
Repayment of lease liabilities		(1,573,343)	(2,111,138)
Distribution paid		(10,627,129)	-
Net cash (outflow) from financing activities		(14,740,208)	(4,088,099)
Net (decrease) / increase in cash and cash equivalents held		(237,813)	229,213
Cash and cash equivalents at the beginning of the period		237,813	8,600
<b>Cash and cash equivalents at the end of the period</b>	9	<b>0</b>	<b>237,813</b>

The accompanying notes form part of these financial statements.

# RFM Almond Fund

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## Notes to the Financial Statements

7 July 2021

### 1 General information

This financial report covers the financial statements and notes of RFM Almond Fund (RAF or the Trust) as an individual entity. RFM Almond Fund is a for profit entity incorporated and domiciled in Australia.

The Directors of the Responsible Entity authorised the Financial Report for issue on 28 September 2021 and have the power to amend and reissue the Financial Report.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Trust operates (functional currency), which is Australian dollars. The financial statements are presented in Australian dollars which is the Trust's functional and presentation currency.

### 2 Summary of significant accounting policies

#### Basis of preparation

The accounting policies that have been adopted in respect of the financial report are those of Rural Funds Management as Responsible Entity of the Trust. The accounting policies adopted for the period ended 7 July 2021 are consistent with those of the financial year ended 30 June 2020.

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 *Corporations Act* 2001 and the Trust's Constitution.

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 cost, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### Basis of accounting

On 2 December 2020, the Moorall orchard was sold by Rural Funds Group. The lease between RAF and Rural Funds Group was terminated on 2 December 2020. As at 7 July 2021, all net assets of the Trust had been distributed to unitholders. Under these circumstances, the directors have determined that the going concern basis of preparation is no longer appropriate. The financial statements have been prepared on a liquidation basis.

#### Comparative amounts

Comparative amounts have not been restated unless otherwise noted.

#### Revenue/ Revenue from contracts with customers

Under AASB 15 *Revenue from Contracts with Customers*, revenue from the sale of goods is recognised when control of goods is transferred to a customer.

For each contract with a customer, the Trust: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

**Notes to the Financial Statements**

7 July 2021

**2 Summary of significant accounting policies (continued)****Revenue / Revenue from contracts with customers (continued)**

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Revenue from the sale of agricultural produce is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity.

Interest revenue is recognised in the Statement of Comprehensive Income as it accrues, on an effective interest rate basis.

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

**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 realised or liability is settled. Deferred tax is charged/credited in the income statement 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 utilised.

The amount of benefits brought to account or which may be realised in the future is based on management's judgement, 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 realised and comply with the conditions of deductibility imposed by the law.

**Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of trade and other receivables or payables in the statement of financial position.

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

**Notes to the Financial Statements**

7 July 2021

**2 Summary of significant accounting policies (continued)****Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Trade and other receivables**

Trade receivables are recognised and carried at original amount, less an allowance for expected credit loss. Trade receivables are generally due for settlement within 30 days.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

**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 Statement of Comprehensive Income.

**Inventory**

Inventories are measured at the lower of cost and net realisable value. The Trust's inventory is constantly monitored for obsolescence. Costs including costs incurred in bringing each product to its present location and condition and are accounted for on a first-in, first-out basis.

Agricultural produce is the product of the Trust's biological assets. Agriculture produce on hand at year end is valued at the lower of cost and net realisable value. Cost is measured as fair value less point of sale costs at the time of harvest plus costs incurred to get the inventory to its current location and condition.

**Biological assets**

In accordance with AASB 141 *Agriculture* the Trust's biological assets have been recognised at fair value less costs to sell. Fair value is determined as follows:

- up until the time when commercial yields are achieved, cost approximates fair value, less costs to sell;
- thereafter based on the present value of expected net cash flows from the crops.

Changes in the fair value of biological assets are recognised in the statement of comprehensive income in the year they arise.

**Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Trust 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).



## Notes to the Financial Statements

7 July 2021

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

#### Financial instruments (continued)

##### *Financial assets*

Financial assets are divided into the following categories which are described in detail below:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### 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, if billed to the Trust.

#### Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payment (including in-substance fixed payments)
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Trust is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Trust is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of agricultural plant & equipment.

#### Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

# RFM Almond Fund

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## Notes to the Financial Statements

7 July 2021

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

#### Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost. Any difference between cost and redemption value is recognised in the statement of comprehensive income over the entire period of the borrowings on an effective interest basis. Interest-bearing liabilities with terms of settlement within twelve months from the balance sheet date are classified as current liabilities.

#### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### Issued units

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

#### Distributions

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

#### New accounting standards and interpretations

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current year.

### 3 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, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions 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 and may materially affect financial results or the financial position reported in future periods.

Management has identified no reported amounts for which significant judgements, estimates and assumptions are made.

### 4 Segment information

The Trust operates in one operating segment (30 June 2020: one segment), being the growing of almonds to be sold for processing and consumption in Australia and internationally.

### 5 Revenue

	<b>2021</b>	<b>2020</b>
	<b>12 months and</b>	<b>12 months</b>
	<b>7 days</b>	
	<b>\$</b>	<b>\$</b>
Harvest proceeds - sale of almonds	<b>14,580,863</b>	14,013,394
<b>Total</b>	<b>14,580,863</b>	14,013,394

# RFM Almond Fund

ARSN 117 859 391

## Notes to the Financial Statements

7 July 2021

### 6 Termination of Moorall leases

On 2 December 2020, at the settlement of sale of Moorall properties and related equipment, the property and equipment leases between RFF and RAF were terminated. On the same day, RAF sold its biological assets for the unharvested 2021 crops and farming inventories as part of the sale settlement. As a result, all right-of-use assets, lease liabilities, biological assets and farming inventories were derecognised on that date.

The financial impact of the sale of Moorall are as follows:

	2021 12 months and 7 days \$
Cost recovery of the unharvested crop	7,231,371
Other income from sale of farming inventories	130,230
Cost of the unharvested crop sold	(7,231,371)

The financial impact of the termination of leases are as follows:

Derecognition of right of use assets	(26,452,446)
Derecognition of leased liabilities	28,922,919
<b>Net impact for the period ended 7 July 2021</b>	<b>2,470,473</b>

### 7 Income tax expense

	2021 12 months and 7 days \$	2020 12 months \$
<i>The components of tax expense comprise:</i>		
Current tax	1,322,040	-
Deferred tax	(775,276)	271,606
<b>Total</b>	<b>546,764</b>	<b>271,606</b>

*Amounts charged or credited directly to equity:*

Wind up costs	43,936	(71,917)
<b>Total</b>	<b>43,936</b>	<b>(71,917)</b>

*Numerical reconciliation of income tax expense to prima facie tax payable:*

Accounting profit before tax from continuing operations	2,173,394	699,438
At the statutory income tax rate of 26% (2020: 27.5%)	565,082	192,345
Reversal of previously recognised deferred tax assets	24,712	84,662
Effect of change in tax rate	(43,030)	-
Other	-	(5,401)
<b>Total</b>	<b>546,764</b>	<b>271,606</b>

# RFM Almond Fund

ARSN 117 859 391

## Notes to the Financial Statements

7 July 2021

### 8 Remuneration of auditors

	2021 12 months and 7 days \$	2020 12 months \$
PricewaterhouseCoopers Australia:		
Audit and review of the financial report	40,000	92,820
Compliance audit	8,000	7,845
<b>Total</b>	<b>48,000</b>	<b>100,665</b>

### 9 Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	-	237,813
<b>Total</b>	<b>-</b>	<b>237,813</b>

#### Reconciliation of cash

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

Cash and cash equivalents	-	237,813
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### 10 Trade and other receivables

	2021 \$	2020 \$
Trade receivables	-	354,840
<b>Total</b>	<b>-</b>	<b>354,840</b>

Trade receivables are non-interest bearing and are generally on 30 day terms.

### 11 Inventories

	2021 \$	2020 \$
<b>Agricultural produce</b>		
Almonds at processor	-	13,739,990
Fuel, chemicals and fertiliser	-	925,928
<b>Total</b>	<b>-</b>	<b>14,665,918</b>

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

The Trust received all the payments for the 2020 harvested crop. The final sale price is \$6.95 per kilogram.

# RFM Almond Fund

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## Notes to the Financial Statements

7 July 2021

<b>12</b>	<b>Other assets</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	Prepayments	-	25,081
	<b>Total</b>	-	25,081
<b>13</b>	<b>Financial assets</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	Shares in Almondco	-	4,200
	<b>Total</b>	-	4,200
<b>14</b>	<b>Goodwill</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	Opening net book amount	-	-
	Acquisition of business	-	255,197
	Impairment	-	(255,197)
	<b>Closing net book amount</b>	-	-
Goodwill was attributable to the premium paid for the reverse acquisition on 30 August 2019. It was fully impaired in the year ended on 30 June 2020.			
<b>15</b>	<b>Trade and other payables</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	Trade payables	-	327,369
	Accrual	-	410,503
	Sundry creditors	-	29,776
	<b>Total</b>	-	767,648
<b>16</b>	<b>Interest bearing liabilities</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
	<b>Current</b>		
	Borrowings (ANZ)	-	1,000,000
	<b>Non-current</b>		
	Borrowings (ANZ)	-	1,500,000
	<b>Total</b>	-	2,500,000

As a result of the sale of the Moorall property, borrowings were repaid to the financier on 4 December 2020. The bank facility was terminated on 7 December 2020.

# RFM Almond Fund

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## Notes to the Financial Statements

7 July 2021

### 17 Deferred tax

	2021	2020
	\$	\$
<b>Deferred tax liabilities</b>		
Sundry debtors	-	1,164
Inventories	-	4,033,127
Lease - property and equipment	-	7,939,858
Gross deferred tax liabilities	-	11,974,149
Set-off of deferred tax assets	-	(11,242,808)
<b>Net deferred tax liabilities</b>	-	731,341
	2021	2020
	\$	\$
<b>Deferred tax assets</b>		
Accruals	-	19,156
Provisions	-	15,179
Equity issue costs	-	57,535
Lease - property and equipment	-	8,557,076
Unused income tax losses	-	2,557,923
Other	-	35,939
Gross deferred tax assets	-	11,242,808
Set-off of deferred tax liabilities	-	(11,242,808)
<b>Net deferred tax assets</b>	-	-

#### Franking credits

At 7 July 2021 there are \$600,402 of franking credits (2020: nil) remaining following the payment of the final distribution on 30 June 2021. These franking credits will be forfeited upon winding up of RAF.

### 18 Recognised tax assets and liabilities

	Current income tax		Deferred income tax	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Opening balance</b>	-	-	(731,341)	-
Charged to income	(1,322,040)	-	775,276	(271,606)
(Credited)/charged to equity	-	-	(43,936)	71,917
Tax paid	1,322,040	-	-	-
Acquisition & disposals	-	-	-	(531,652)
<b>Total</b>	-	-	-	(731,341)
Tax expense through profit or loss:			546,764	271,607
Amounts recognised in Consolidated Statement of Financial Position:				
Deferred tax asset			-	-
Deferred tax liability			-	(731,341)
<b>Total</b>			-	(731,341)

# RFM Almond Fund

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## Notes to the Financial Statements

7 July 2021

### 19 Distributions

The Trust paid the following distributions during the period:

	Cents	Total
	per unit	\$
Distribution declared 4 December 2020, paid 15 December 2020	4.4200	418,229
Distribution declared 30 March 2021, paid 14 April 2021	63.4100	5,999,946
Distribution declared 16 June 2021, paid 30 June 2021	44.4820	4,208,954

### 20 Financial risk management

The Trust has distributed all retained earnings and returned all capital to unitholders, and has no assets or liabilities as at period end.

### 21 Issued units

	2021 No. of units	\$	2020 No. of units	\$
Units on issue at the beginning of the period	9,462,145	8,616,600	-	-
Units converted from Almondlots, net of equity issue costs	-	-	2,143,930	1,982,119
Units issued during the period	-	-	7,318,215	6,634,481
Capital returned during the period	-	(8,616,600)	-	-
<b>Units on issue at the end of the period</b>	<b>9,462,145</b>	<b>-</b>	<b>9,462,145</b>	<b>8,616,600</b>

### 22 Key management personnel

#### *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 period and up to the date of this report are:

Guy Paynter  
David Bryant  
Michael Carroll  
Julian Widdup

#### *Other key management personnel*

In addition to the Directors noted above, RFM, as 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.

In accordance with RFM Almond Fund 2006 product disclosure statement issued on 25 July 2019, the Responsible Entity received management fees of \$124,665 during the period ended 7 July 2021. (2020: \$41,302 for the period of July to August 2019). No management fees were paid to RFM following the sale of the Moorall property on 2 December 2020.

#### *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.

# RFM Almond Fund

ARSN 117 859 391

## Notes to the Financial Statements

7 July 2021

### 23 Related party transactions

*Responsible entity (Rural Funds Management) and related entities*

Transactions between the Trust and the Responsible Entity and its associated entities are shown below:

	2021 \$	2020 \$
<b>Pre-merger transactions</b>		
Management fee	-	41,302
<b>Total management fees</b>	-	41,302
Expenses reimbursed to RFM	-	883,705
Rental expense paid to Rural Funds Trust	-	786,797
Rent paid to RF Active	-	41,864
Interest paid to RFM	-	4,921
<b>Total amount paid to RFM and related entities</b>	-	1,758,589
<b>Post-merger transactions</b>		
Management fee	124,665	-
<b>Total management fees</b>	124,665	-
Distribution paid to RFM	2,037,339	-
Expenses reimbursed to RFM	1,382,004	636,530
Expenses reimbursed to Rural Funds Trust	119,867	89,920
Water purchased from Rural Funds Trust	667,200	-
Rental expense paid to Rural Funds Trust	1,815,355	2,083,248
Rent paid to RF Active	307,341	557,245
Interest paid to RFM	-	19,595
<b>Total amount paid to RFM and related entities</b>	<b>6,329,105</b>	<b>3,386,538</b>
<i>Creditors</i>		
	2021 \$	2020 \$
Rural Funds Trust	-	2,604
RFM	-	1,425
<b>Total</b>	-	4,029
<i>Lease liabilities (current and non-current)</i>		
	2021 \$	2020 \$
Rural Funds Trust	-	27,959,153
RF Active	-	2,537,109
<b>Total</b>	-	30,496,262



# RFM Almond Fund

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## Notes to the Financial Statements

7 July 2021

### 24 Cash flow information

	2021	2020
	\$	\$
<b>Net profit after income tax</b>	<b>1,626,630</b>	<b>381,724</b>
<b>Non-cash flows in profit:</b>		
Change in fair value of biological assets	-	(6,513,857)
Depreciation and impairments	(671,085)	3,925,766
Gain on acquisition	-	(266,204)
Dividend received	(180)	(540)
<b>Changes in assets and liabilities</b>		
Decrease in trade and other receivables	354,840	162,258
Decrease / (Increase) in inventories	14,665,918	(1,931,927)
Decrease in biological assets	-	8,345,338
Decrease / (Increase) in other assets	25,081	(25,081)
(Decrease) / Increase in trade and other payables	(767,648)	229,569
(Increase) in equity issue costs	-	(189,603)
(Decrease) / Increase in deferred tax liabilities (net)	(731,341)	199,689
<b>Net cash inflow from operating activities</b>	<b>14,502,215</b>	<b>4,317,132</b>

### 25 Events after the reporting date

No matter or circumstance has arisen since the end of the period that has significantly affected or could significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust.

# RFM Almond Fund

ARSN 117 859 391

## Directors' Declaration

7 July 2021

In the Directors of the Responsible Entity's opinion:

- 1 The financial statements and notes of RFM Almond Fund set out on pages 8 to 23 are in accordance with the *Corporations Act* 2001, including:
  - a. comply with Accounting Standards, the *Corporations Regulations* 2001 and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the Trust's financial position as at 7 July 2021 and of its performance for the period ended on that date; and
- 2 As disclosed in note 2 to the annual financial statements, the directors have prepared the annual financial statements on a realisation basis following the sale of the Moorall property. The Responsible Entity has returned capital to unitholders and will seek to wind up the RFM Almond Fund by 31 December 2021. The assets exceed the liabilities and there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of the Directors of Rural Funds Management Limited.



David Bryant  
Director

28 September 2021



## *Independent auditor's report*

To the unitholders of RFM Almond Fund

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### *Our opinion*

In our opinion:

The accompanying financial report of RFM Almond Fund (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 7 July 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### ***What we have audited***

The financial report comprises:

- the statement of financial position as at 7 July 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### ***Independence***

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *Emphasis of matter - going concern no longer appropriate*

We draw attention to Note 2 in the financial report. On 2 December 2020, the Moorall orchard was sold by Rural Funds Group. The lease between RAF and Rural Funds Group was terminated on 2 December 2020. As at 7 July 2021, all net assets of the Trust had been distributed to unitholders. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

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### *Other information*

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 7 July 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors of the Responsible Entity for the financial report*

The directors of 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 of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers", written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read "Rod Dring", written in a cursive style.

Rod Dring  
Partner

Sydney  
28 September 2021

### Responsible Entity

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