

# RF Active

## Financial Statements

For the Year Ended 30 June 2014

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**For the Period Ended 30 June 2014**

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## Corporate Directory

Registered Office	Level 2, 2 King Street DEAKIN ACT 2600
Responsible Entity	Rural Funds Management Limited ABN 65 077 492 838 Level 2, 2 King Street DEAKIN ACT 2600
Directors	Guy Paynter David Bryant Michael Carroll
Company Secretary	Andrea Lemmon
Custodian	Australian Executor Trustees Limited ABN 84 007 869 794 Level 22 207 Kent Street SYDNEY NSW 2000
Bankers	Australia and New Zealand Banking Group Limited (ANZ) 242 Pitt Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street SYDNEY NSW 2000

## **RF Active**

**ARSN 168 740 805**

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

**30 June 2014**

The Directors of Rural Funds Management Limited ("RFM"), the Responsible Entity of RF Active ("RFA" or "the Trust") present their report on the Trust for the financial period from commencement to 30 June 2014.

#### **Directors**

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

Guy Paynter  
David Bryant  
Michael Carroll

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

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

The principal activity of the Trust during the financial period was investment in agricultural operating assets including the ownership and leasing of almond farming plant and equipment.

The Trust acquired plant and equipment, and deposits for plant and equipment used in almond farming operations from Rural Funds Group (RFF), a fund managed by RFM, on 30 June 2014. The Trust commenced leasing the almond farming plant and equipment to three tax effective managed investment schemes operated by RFM involved in almond growing businesses on 30 June 2014. The acquisition of the plant and equipment was partially financed by a vendor finance loan from RFF. A working capital loan facility with a limit of \$750,000 is also provided to the Trust by RFF.

In addition to the loans provided by RFF, the Trust assumed the liabilities and obligations under a Corporate Chattel Mortgage Facility for \$3,500,000 from Australia and New Zealand Banking Group Limited (ANZ).

#### **Trust information**

RF Active was registered with the Australian Securities and Investments Commission as an Australian managed investment scheme on 4 April 2014.

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.

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

##### **Operating results**

The loss attributable to unitholders for the period after providing for income tax amounted to \$12,648. The result reflects the Trust's short trading period.

The Trust held total assets of \$3,416,166 at 30 June 2014.

##### **Distributions**

There have been no distributions paid or declared during the period ended 30 June 2014.

## **RF Active**

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

**30 June 2014**

#### **Fees paid to and interest held by the Responsible Entity and associates**

No fees were paid to RFM or its associates out of Trust property during the financial period and no expenses incurred by RFM or its associates were reimbursed by the Trust during the financial period.

Three tax effective managed investment schemes operated by RFM hold all the units on issue by the Trust at 30 June 2014.

#### **Units on issue**

50,000 units in RFA were on issue at 30 June 2014. During the financial period 50,000 units were issued by the Trust and no units were redeemed.

#### **Trust assets**

At 30 June 2014, the Trust held assets to a total value of \$3,416,166. The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The working capital deficiency at 30 June 2014 is a result of the Trust being required to book the balance of equipment loan repayments due in the coming 12 months. Under accounting standards the corresponding amounts due from lessees as disclosed in note 7(a) are not able to be recognised.

Trade and other payables of \$381,430 relate to plant and equipment that was delivered in July 2014 and financed with additional long term equipment loans subsequent to year end. Rental revenue, additional to that disclosed in note 7(a), will be generated on all plant and equipment in progress and contractually committed at year end.

#### **After balance day events**

No matters or circumstances have arisen since the end of the financial period which 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 periods.

The proceeds from financing plant and equipment, and refunds of goods and services tax were used to fully repay the working capital loan from Rural Funds Group on 3 September 2014.

#### **Likely developments and expected results**

RF Active expects to redeem the units currently on issue and to issue new units to the unitholders in RFF to form a stapled entity with RFF, following a RFF unitholder vote expected to occur in the first half of the financial year ending 30 June 2015. Documentation to vote on the stapling was sent to RFF unitholders on 12 September 2014.

## RF Active

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### Directors of the Responsible Entity's Report

30 June 2014

#### Environmental regulation and performance

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

#### Indemnification of Responsible Entity and Custodian

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

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

#### Information on Directors of the Responsible Entity

##### **Guy Paynter**

Qualifications

Experience

Special Responsibilities

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

Non-Executive Chairman

Bachelor of Laws from The University of Melbourne.

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

Member of Audit Committee

Nil

##### **David Bryant**

Qualifications

Experience

Special Responsibilities

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

Managing Director

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

David Bryant established RFM in February 1997, Since then, David has led the RFM team that has acquired over \$300 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.

Managing Director

Nil

## RF Active

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### Directors of the Responsible Entity's Report

30 June 2014

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

##### Michael Carroll

Non-Executive Director

##### Qualifications

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

##### Experience

Michael Carroll serves a range of food and agricultural businesses in a board and advisory capacity. Michael is on the Boards of Queensland Sugar Limited, Select Harvests Limited, Sunny Queen Pty Ltd and the Rural Finance Corporation of Victoria. Michael also has senior executive experience in a range of companies, including establishing and leading the National Australia Bank (NAB) Agribusiness division.

##### Special Responsibilities

Chairman of Audit Committee

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

Michael is on the Board of Select Harvests Limited and joined the Board of Tassal Group Limited in June 2014. Michael was also on the Board of Warrnambool Cheese and Butter Limited from August 2009 until May 2014.

## RF Active

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### Directors of the Responsible Entity's Report For the Period Ended 30 June 2014

#### Company secretary of the Responsible Entity

Stuart Waight (member of the Institute of Chartered Accountants) held the position of company secretary at the end of the financial year. Stuart has been the company secretary since 2010. He is responsible for optimising the performance of the RFM funds, and analysing future developments, acquisitions and investments.

On 24 July 2014 Stuart Waight resigned from the position of company secretary and Andrea Lemmon was appointed as company secretary. Andrea has worked with RFM since its formation in 1997 and currently holds the position of Executive Manager Funds Management.

#### Meetings of Directors of the Responsible Entity

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

	Directors' meetings	
	Number eligible to attend	Number attended
Guy Paynter	4	4
David Bryant	4	4
Michael Carroll	4	4

#### 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 2014 has been received and can be found on page 7 of the financial report.

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



David Bryant  
Director

23 September 2014



## Auditor's Independence Declaration

As lead auditor for the audit of RF Active for the period ended 30 June 2014, 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 be 'CMC Heraghty', written over a horizontal line.

CMC Heraghty  
Partner  
PricewaterhouseCoopers

Sydney  
23 September 2014

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## RF Active

ARSN 168 740 805

### Statement of comprehensive income

For the period ended 30 June 2014

	Note	2014 \$
Revenue		-
Interest income		-
Other income		-
Gain on sale of plant and equipment		344
Management fees		-
Professional services		(15,000)
Other expenses		(3,413)
<b>Loss before income tax</b>		<b>(18,069)</b>
Income tax benefit	4	5,421
<b>Loss attributable to unitholders</b>		<b>(12,648)</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income for the period, representing changes in net assets attributable to unitholders</b>		<b>(12,648)</b>

The accompanying notes form part of these financial statements

## RF Active

ARSN 168 740 805

Statement of financial position

As at 30 June 2014

	Note	2014 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5	54,158
Trade and other receivables	6	349,300
<b>Total current assets</b>		<b>403,458</b>
<b>Non-current assets</b>		
Plant and equipment	7	2,499,300
Work-in-progress	8	507,987
Deferred tax asset	9	5,421
<b>Total non-current assets</b>		<b>3,012,708</b>
<b>TOTAL ASSETS</b>		<b>3,416,166</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	10	399,380
Interest bearing liabilities	11	1,094,579
<b>Total current liabilities</b>		<b>1,493,959</b>
Interest bearing liabilities	11	1,884,855
<b>Total non-current liabilities</b>		<b>1,884,855</b>
<b>TOTAL LIABILITIES (excluding net assets attributable to unitholders)</b>		<b>3,378,814</b>
Net assets attributable to unitholders		37,352
<b>TOTAL LIABILITIES</b>		<b>3,416,166</b>

The accompanying notes form part of these financial statements

## RF Active

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Statement of changes in net assets attributable to unitholders

As at 30 June 2014

	Issued units	Retained earnings	Total
	\$	\$	\$
<b>Balance at 4 April 2014</b>	-	-	-
(Loss) before tax	-	(18,069)	(18,069)
Income tax benefit	-	5,421	5,421
Total comprehensive income for the period	-	(12,648)	(12,648)
<b>Equity transactions</b>			
Units issued during the period	50,000	-	50,000
<b>Total equity transactions</b>	50,000	-	50,000
<b>Balance as at 30 June 2014</b>	50,000	(12,648)	37,352

The accompanying notes form part of these financial statements

## RF Active

ARSN 168 740 805

Statement of cash flows

For the period ended 30 June 2014

	Note	2014 \$
<b>Cash flows from operating activities:</b>		
Cash receipts from customers		-
Cash payments to suppliers and employees		(463)
Interest received		-
<b>Net cash provided by/(used in) operating activities</b>	17	<b>(463)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of plant and equipment		-
Purchase of plant and equipment		(2,078,976)
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,078,976)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings		2,083,597
Proceeds from the issue of units		50,000
<b>Net cash provided by/(used in) financing activities</b>		<b>2,133,597</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>54,158</b>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>	5(a)	<b>54,158</b>

The accompanying notes form part of these financial statements

## **RF Active**

**ARSN 168 740 805**

**Notes to the Financial Statements**

**For the period ended 30 June 2014**

### **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:

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

The financial report covers RF Active ("RF Active" or the "Trust") as an individual entity. RF Active is a trust, established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of the Trust for the period ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 23 September 2014.

RF Active is a registered Australian managed investment trust, and was constituted in 2014. Rural Funds Management Ltd ("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.

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

The financial statements have been prepared on a going concern basis. The working capital deficiency at 30 June 2014 is a result of the Trust being required to book the balance of equipment loan repayments due in the coming 12 months. Under accounting standards the corresponding amounts due from lessees are not able to be recognised. Further, trade and other payables of \$381,430 relate to plant and equipment that was delivered in July 2014 and financed with long term equipment loans.

#### **(b) Statement of compliance**

The financial report of the Trust complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

## **RF Active**

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**Notes to the Financial Statements**

**For the period ended 30 June 2014**

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

#### **(c) Reporting basis and conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **(d) 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.

#### **(e) 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 90 days of being recorded as receivables.

#### **(f) Impairment of assets**

At each reporting date, the Trust reviews the carrying values of its tangible 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.

#### **(g) Plant and equipment**

Plant and equipment is measured on the cost basis less depreciation and impairment losses. The depreciable amount of plant and equipment is depreciated on a straight line basis over the assets useful lives as determined by the Trust commencing from the time the asset is held ready for use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and Equipment	6-25%
Motor Vehicles	6-15%

## **RF Active**

**ARSN 168 740 805**

**Notes to the Financial Statements**

**For the period ended 30 June 2014**

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

#### **(g) Plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

#### **(h) 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.

#### **Financial liabilities**

Financial liabilities are recognised when the Trust becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Trust's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

#### **Impairment of financial assets**

At the end of the reporting period the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### **(i) 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

#### **(j) Interest bearing liabilities**

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

## **RF Active**

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**Notes to the Financial Statements**

**For the period ended 30 June 2014**

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

#### **(k) Unitholders' funds**

Under AASB132: Financial instruments: Disclosure and 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.

#### **(l) Terms and conditions on units**

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders: and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

#### **(m) Revenue**

Interest revenue is recognised as it accrues using the effective interest rate method. Revenue from the rental of property is recognised on an accruals basis in accordance with lease agreements.

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

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

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

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.

## **RF Active**

**ARSN 168 740 805**

**Notes to the Financial Statements**

**For the period ended 30 June 2014**

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

#### **(o) 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 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 utilised.

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 realised and comply with the conditions of deductibility imposed by the law.

#### **(p) Distributions**

Distributions are made in accordance with the Trust's Constitution. The Responsible Entity of the Trust has the discretion to distribute both income and capital.

#### **(q) Leases**

Lease income from operating leases where the Trust is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the Statement of Financial Position based on their nature.

#### **(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. The new Standards are not expected to have any significant impact on the Trust.

## RF Active

ARSN 168 740 805

### Notes to the Financial Statements

For the period ended 30 June 2014

#### 2. Going Concern

The Trust incurred a loss in the period ended 30 June 2014 as a result of administration costs incurred prior to leasing income being generated. The Trust expects future income from leasing plant and equipment will cover costs and that the Trust will be able to pay its debts as and when they fall due.

The financial statements have been prepared on a going concern basis. The working capital deficiency at 30 June 2014 is a result of the Trust being required to book the balance of equipment loan repayments due in the coming 12 months. Under accounting standards the corresponding amounts due from lessees as disclosed in note 7(a) are not able to be recognised.

Trade and other payables of \$381,430 relate to plant and equipment that was delivered in July 2014 and financed with additional long term equipment loans subsequent to year end. Rental revenue, additional to that disclosed in note 7(a), will be generated on all plant and equipment in progress and contractually committed at year end.

#### 3. Auditor's remuneration

	2014 \$
Remuneration of the auditor of the Trust for:	
- auditing or reviewing the financial report	10,000
<b>Total</b>	<b>10,000</b>

#### 4. Income tax benefit

##### (a) The major components of income tax benefit comprise:

Current tax benefit	921
Deferred tax benefit	4,500
<b>Income tax benefit reported in the income statement</b>	<b>5,421</b>

##### (b) Income tax benefit is attributable to:

Loss from continuing operations	5,421
<b>Aggregate income tax benefit</b>	<b>5,421</b>

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

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Trust's applicable income tax rate is as follows:

Loss before income tax	18,069
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	5,421
<b>Income tax benefit</b>	<b>5,421</b>

## RF Active

ARSN 168 740 805

Notes to the Financial Statements

For the period ended 30 June 2014

### 5. Cash and Cash equivalents

Current	2014 \$
Cash at bank	54,158
<u>Total</u>	<u>54,158</u>

#### (a) Reconciliation of cash

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

Cash and cash equivalents	54,158
<u>Total</u>	<u>54,158</u>

### 6. Trade and other receivables

Current	
Trade receivables	51,803
GST receivable	297,497
<u>Total</u>	<u>349,300</u>

Trade receivables are non-interest bearing and are generally on 30-90 days terms.

### 7. Property, plant and equipment

Plant and equipment	
Additions at cost	2,288,550
Less disposals	(46,750)
<u>Total plant and equipment</u>	<u>2,241,800</u>

  

Motor vehicles	
Additions at cost	257,500
Less disposals	-
<u>Total motor vehicles</u>	<u>257,500</u>
<u>Total property, plant and equipment</u>	<u>2,499,300</u>

## RF Active

ARSN 168 740 805

Notes to the Financial Statements

For the period ended 30 June 2014

### 7. Property, plant and equipment (continued)

#### (a) Leasing arrangements

Minimum lease payments receivable under non-cancellable operating leases of property, plant and equipment not recognized in the financial statements, are receivable as follows:

	2014 \$
Within one year	752,822
Later than one year but not later than 5 years	1,621,627
Later than 5 years	117,335
	<hr/> 2,491,784

### 8. Work-in-progress

<b>Non-Current</b>	
Deposits for plant and equipment	507,987
Total work-in-progress	<hr/> 507,987

### 9. Deferred tax

#### (a) Deferred tax assets

Accruals	4,500
Unused Income tax losses	921
Total deferred tax assets	<hr/> 5,421

### 10. Trade and Other Payables

<b>Current</b>	
Trade payables	381,430
Accrued expenses	17,950
Total	<hr/> 399,380

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

## RF Active

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Notes to the Financial Statements

For the period ended 30 June 2014

### 11. Interest bearing liabilities

	2014 \$
<b>Current</b>	
Working capital loan – Rural Funds Group	316,312
Vendor finance loan – Rural Funds Group	180,000
Equipment loans	598,267
<b>Total</b>	<b>1,094,579</b>
<b>Non-current</b>	
Vendor finance loan – Rural Funds Group	449,525
Equipment loans	1,435,330
<b>Total</b>	<b>1,884,855</b>

#### Total current and non-current liabilities

Working capital loan – Rural Funds Group	316,312
Vendor finance loan – Rural Funds Group	629,525
Equipment loans	2,033,597
<b>Total</b>	<b>2,979,434</b>

#### (i) Equipment loans

A fixed interest equipment loan facility is provided by Australia and New Zealand Banking Group (ANZ), and is secured by the plant and equipment. Interest ranges from 5.55% to 7.43%.

#### (ii) Vendor finance – Rural Funds Group

The vendor finance loan from Rural Funds Group (RFF) is unsecured and subject to a variable rate of interest derived from RFF's cost of funding. The loan requires monthly repayments of \$15,000, and has a termination date of 1 July 2017 (4.91%).

#### (iii) Working capital loan – Rural Funds Group

The working capital loan from RFF is unsecured and subject to a fixed rate of interest of 6.60%. The loan has a termination date of 1 July 2017.

### 12. Capital Commitments

Significant capital acquisitions contracted for at the end of the reporting period but not recognised as liabilities are as follows:

Plant and equipment	\$376,478
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## **RF Active**

**ARSN 168 740 805**

**Notes to the Financial Statements**

**For the period ended 30 June 2014**

### **13. Financial risk management**

#### **(a) 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 and liquidity risk.

Financial instruments of the Trust comprise cash and cash equivalents, interest bearing liabilities, 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 reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

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

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

#### **(a) Credit risk**

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

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

Credit risk is not considered to be significant to the Trust.

#### **(b) Liquidity risk and capital management**

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

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 optimal capital structure.

## **RF Active**

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**Notes to the Financial Statements**

**For the period ended 30 June 2014**

### **13. Financial risk management (continued)**

#### **(b) Liquidity risk and capital management**

Net assets attributable to unitholders are payable when distributable profit meets the criteria for distribution according to the Trust's Constitution. Under the terms of its Constitution, the Trust has the ability to manage liquidity risk by delaying distributions to unitholders, if necessary, until the funds are available to pay them.

Financial liabilities of the Trust comprise trade and other payables, equipment loans and net assets attributable to unitholders. Trade and other payables have no contractual maturities but are typically settled within 30 days.

## RF Active

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Notes to the Financial Statements

For the period ended 30 June 2014

### 13. Financial risk management (continued)

#### (c) Liquidity risk and capital management (continued)

The table below reflects all contractually fixed repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2014.

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

	Less than 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and cash equivalents	54,158	-	-	-	-	54,158
Receivables	349,300	-	-	-	-	349,300
<b>Total financial assets</b>	<b>403,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>403,458</b>
<b>Financial liabilities</b>						
Trade and other payables	399,380					399,380
Working capital loan – Rural Funds Group	10,524	10,353	41,810	316,312	-	378,999
Vendor finance loan – Rural Funds Group	104,641	102,208	387,257	89,525	-	683,631
Equipment loans	358,476	358,477	987,579	546,924	93,641	2,345,097
<b>Total financial liabilities</b>	<b>873,021</b>	<b>471,038</b>	<b>1,416,646</b>	<b>952,761</b>	<b>93,641</b>	<b>3,807,107</b>

The interest rate for the working capital loan is fixed at 6.60%. The equipment loans from ANZ are all fixed rate loans ranging from 5.55% to 7.43%. The vendor finance loan is the only financial liability exposed to a floating interest rate. The rate was 4.91% at 30 June 2014.

Subsequent to reporting date \$381,430 of trade and other payables was financed as equipment loans following the delivery of the equipment to which the amounts related. The working capital loan was fully repaid on 3 September 2014.

## RF Active

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Notes to the Financial Statements

For the period ended 30 June 2014

### 13. Financial risk management (continued)

#### (d) Market risk

##### Sensitivity analysis – interest rate risk

At 30 June 2014 the effect on profit and equity as a result of changes in the interest rate on an annual basis with all other variables remaining constant would be as follows:

	<b>2014</b>
	<b>\$</b>
Change in profit	
- Increase in interest rate by 1%	(5,754)
- Decrease in interest rate by 1%	5,754
Change in equity	
- Increase in interest rate by 1%	(4,028)
- Decrease in interest rate by 1%	4,028

### 14. Issued units

	<b>2014</b>
	<b>No.</b>
Units on issue at the beginning of the financial period	-
Units issued during the financial period	50,000
At reporting date	50,000

The terms and conditions attached to units in the Trust can be found at Note 1(l). All units were issued at \$1 each.

### 15. Subsequent Events

The proceeds from financing plant and equipment, and refunds of goods and services tax were used to fully repay the working capital loan from Rural Funds Group on 3 September 2014.

## **RF Active**

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**Notes to the Financial Statements**

**For the period ended 30 June 2014**

### **16. Key management personnel compensation**

#### **(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 period 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 the RF Active is a legally binding document between the unitholders of the Trust and RFM as Responsible Entity. Under the constitution, RFM is entitled to the following remuneration:

- a management fee equal to 1.00% of the gross asset value of the Trust per annum;
- an acquisition fee equal to 2.00% of the price paid by the Trust for an asset;
- 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.

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.

#### **(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.

## RF Active

ARSN 168 740 805

Notes to the Financial Statements

For the period ended 30 June 2014

### 17. Related party transactions

Transactions between related parties are on commercial terms.

#### (a) Responsible entity (Rural Funds Management Limited)

	2014 \$
Management fees	-
<b>Total management fees</b>	-
Expenses reimbursed to RFM	-
<b>Total</b>	-

The management fee is 1.00% per annum of the value of gross assets of the Trust calculated monthly.

#### (b) Plant and equipment acquired from related parties

Rural Funds Group	2,546,050
<b>Total</b>	2,546,050

#### (c) Loans from related parties

Working capital loan - Rural Funds Group	316,312
Vendor finance loan - Rural Funds Group	629,525
<b>Total</b>	945,837

#### (d) Units issued to related parties

RFM Almond Fund 2006	22,934
RFM Almond Fund 2007	7,800
RFM Almond Fund 2008	19,266
<b>Total</b>	50,000

#### (e) Entities with influence over the Trust

	Units held	%
RFM Almond Fund 2006	22,934	45.9
RFM Almond Fund 2007	7,800	15.6
RFM Almond Fund 2008	19,266	38.5

## RF Active

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Notes to the Financial Statements

For the period ended 30 June 2014

### 18. Cash flow information

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

	<b>2014</b>
	<b>\$</b>
(Loss) for the period	(12,648)
Non-cash flows in profit:	
Net gain on disposal of plant and equipment	(344)
Changes in assets and liabilities:	
Decrease/(increase) in trade and other receivables	-
Increase/(decrease) in trade payables and accruals	17,950
Increase/(decrease) in other liabilities	-
Decrease/(increase) in deferred tax liabilities	(5,421)
Cash flow (used in) operations	(463)

## **RF Active**

**ARSN 168 740 805**

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

**For the period ended 30 June 2014**

In accordance with a resolution of the Directors of the Responsible Entity of RF Active:

In the opinion of the Directors:

- (a) The financial statements and notes of the Trust are in accordance with the *Corporations Act 2001*, including:
  - a. giving a true and fair view of the Trust's financial position as at 30 June 2014 and of the performance for the period ended on that date; and
  - b. complying with Australian Accounting Standards, Corporations Regulations 2001 and the Trust's constitution; 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 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board

On behalf of the Board of RFM



David Bryant  
Director

23 September 2014



## Independent auditor's report to the unitholders of RF Active

### *Report on the financial report*

We have audited the accompanying financial report of RF Active (the registered scheme), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period 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(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

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

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

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

### *Independence*

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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*Auditor's opinion*

In our opinion:

- (a) the financial report of RF Active 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 2014 and of its performance for the period 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(b).

*PricewaterhouseCoopers*

by

A handwritten signature in black ink, appearing to be the initials 'JH' followed by a long horizontal stroke.

CMC Heraghty  
Partner

Sydney  
23 September 2014

### Responsible Entity

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

Level 2, 2 King Street  
Deakin Act 2600

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

Telephone (Investor Services)  
1800 026 665

Telephone (Adviser Services)  
1300 880 295

Facsimile  
1800 625 518