

Almond Fund 2008

Financial Statements

For the Year Ended 30 June 2012

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RFM Almond Fund 2008

ARSN 127 947 960

For the Year Ended 30 June 2012

Directory

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

RFM Almond Fund 2008

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Directors' Report

30 June 2012

The Directors of Rural Funds Management Limited ("RFM"), the Responsible Entity of the RFM Almond Fund 2008 ("the Scheme" / "AF08") submit their report for the Scheme for the year ended 30 June 2012.

Directors

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

David Bryant
Michael Carroll
Guy Paynter

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

Principal Activities

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

AF08 was established in 2008 to provide Growers with an opportunity to invest and participate in the business of growing and selling almonds. The Growers are licensed to operate an almond growing business for 20 years after which the revenue from their trees reverts to the lessor.

For the duration of the licence period Growers are entitled to receive the net cash flows arising under the Scheme, being the revenue from almond sales less Scheme costs. Prior to the almond trees reaching commercial maturity, Scheme costs will exceed revenues. Growers are charged an annual indexed fixed fee of 2012: \$2,301.65 (2011: \$2,294.24) including GST per Almondlot to fund Scheme costs. The fixed fee arrangement ended on 30 June 2012 and Growers were invoiced the full Scheme costs for 2013. Once the revenue exceeds costs, the surplus will be distributed to the Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, the Scheme does not have net assets except for the balance noted in the statement of financial position which represents the excess of grower contributions over the expenses net of harvest proceeds and interest revenue. The respective rights and obligations under the Licence and Management Agreement ("LMA") rest with the Growers.

RFM RiverBank (RiverBank) is the owner of the land which is leased or licensed to the Scheme for utilisation by the Scheme. The Scheme grants a licence of an Almondlot pursuant to the LMA. If Growers fail to make payment in accordance with the LMA, the Scheme may cancel their Almondlots and the Growers interest in the Scheme is automatically terminated.

In February 2011, RiverBank and the Scheme clarified the obligations of both parties in a Funding Agreement, by which RiverBank agreed to take a licence over the cancelled Almondlots, and provide short term funding to the Scheme to assist in meeting the ongoing costs of orchard maintenance and management and other expenses of the Scheme (capped at \$2.0m) in excess of the fixed fee charged to Growers.

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Directors' Report

30 June 2012

Principal Activities (continued)

On 24 November 2011 the Scheme changed its name from Great Southern 2008 Almond Income Project to RFM Almond Fund 2008.

Under the terms of the Funding Agreement, RiverBank has been granted licences over 70 of the total of 1058 Almondlots, comprising 31 cancelled in October 2011, 4 cancelled in March 2011 and 35 that were acquired from the previous Responsible Entity.

As the granting of a licence to RiverBank for cancelled groves does not confer upon RiverBank the rights or obligations of a Grower under the Scheme, the cashflows from RiverBank and the Growers are shown separately.

Review of Results and Operations

The net loss attributable to growers for year ended 30 June 2012 was \$1,707,615 (2011: restated \$1,753,842)

Matters subsequent to the end of the financial year

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

Distributions

No distributions were made during the year. The almond grove is expected to reach full production seven years after planting (financial year ending 30 June 2014) with harvest proceeds continuing until the end of the Scheme in 2028.

Interests in the scheme and scheme assets

	Licence and Management Agreements	No. of Almondlots under Lease and Management Agreements
Interests issued during the financial year	Nil	Nil
Withdrawals from the Scheme during the financial year	9	31
Lease and Management Agreements (at 30 June 2012)	190	988

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Directors' Report

30 June 2012

Interests in the scheme held by the responsible entity and its associates

RiverBank is a fund managed by the Responsible Entity and is thus associated with it.

RiverBank has been granted licences over 70 Almondlots by the Scheme. Under the terms of these licences, RiverBank is entitled to the harvest proceeds arising from these lots and is obligated to pay the operating expenses. RiverBank does not have the rights or obligations of a Grower under the Scheme.

Fees paid to responsible entity

In accordance with the changes to the Constitution and LMA's, the Responsible Entity received management fees of \$229.48 (2011:\$222.08), inclusive of GST, per Almondlot.

Significant Changes in State of Affairs

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

Likely developments and expected results of operations

The Scheme will continue to manage the cashflows towards achieving maturity of the almond trees.

Environmental regulation

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

Indemnification of Directors and Officers

Under the Scheme's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

Insurance of officers

During the financial year RFM has paid premiums in respect of the RFM's directors' or executive officers' liability and legal expenses' insurance contracts for the year ended 30 June 2012. The entity has paid in respect of the Scheme, premiums in respect of such insurance contracts for the year ending 30 June 2012. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been the directors or executive officers of RFM.

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Directors' Report

30 June 2012

Auditor's Independence Declaration

The auditor of the Scheme, Boyce Assurance Services Pty Limited, has provided us with an independence declaration which forms part of this report and can be found on page 24.

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

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

David Bryant
Director

Dated: 25 September 2012

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Independent Audit Report to the members of RFM Almond Fund 2008

Report on the Financial Report

We have audited the accompanying financial report of RFM Almond Fund 2008, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of net assets attributable to growers and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory information and the directors' declaration of the responsible entity.

Director' Responsibility for the Financial Report

The directors of the Responsible Entity of the Scheme are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 about whether the financial report is free from material misstatement.

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

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

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RFM Almond Fund 2008

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Independent Audit Report to the members of RFM Almond Fund 2008

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of the Responsible Entity of RFM Almond Fund 2008 on the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of RFM Almond Fund 2008 is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

Dated: 25 September 2012

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Directors' Declaration of the Responsible Entity

In accordance with a resolution of the Directors of the Responsible Entity of RFM Almond Fund 2008.

In the opinion of the Directors:

- (a) The financial statements and notes of the Scheme are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards, Corporations Regulations 2001 and the Scheme's constitution; and
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

On behalf of the board



David Bryant

Director

Dated: 25 September 2012

RFM Almond Fund 2008

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Statement of Comprehensive Income

For the Year Ended 30 June 2012

		2012	Restated 2011
	Note	\$	\$
Revenue	2	1,409,885	890,150
Other income	3	793,385	987,483
Dividends received		300	-
Agribusiness operations		(2,594,796)	(2,390,762)
Management fees	9(b)	(225,812)	(226,299)
Land lease	10(a)	(1,090,577)	(1,014,414)
Net Income / (Loss) Attributable to Growers		(1,707,615)	(1,753,842)
Net Income / (Loss) for the Period		(1,707,615)	(1,753,842)
Other Comprehensive income		-	-
Total comprehensive income / (loss) for the year		(1,707,615)	(1,753,842)

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

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Statement of Financial Position

30 June 2012

	Note	2012 \$	Restated 2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	240,393	503,644
Trade and other Receivables	6	1,474,901	890,150
Total current assets		1,715,294	1,393,794
TOTAL ASSETS		1,715,294	1,393,794
LIABILITIES			
Current liabilities			
Trade and other payables	7	62,733	610,511
Total current liabilities		62,733	610,511
TOTAL LIABILITIES (excluding net assets attributable to growers)		62,733	610,511
Net assets attributable to growers		1,652,562	1,340,531

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

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Statement of Net Assets Attributable to Growers

For the Year Ended 30 June 2012

	Net Assets Attributable to Growers
	\$
Balance at 1 July 2011	1,340,531
Contributions received from Growers	2,019,646
Total comprehensive income / (loss) for the year	(1,707,615)
Balance at 30 June 2012	1,652,562
	Net Assets Attributable to Growers
	\$
Balance at 1 July 2010 (Restated)	836,965
Contributions received from Growers	2,257,408
Total comprehensive income / (loss) for the year	(1,753,842)
Balance at 30 June 2011	1,340,531

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

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Statement of Cash Flows

For the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash from operating activities:			
Receipts from customers		863,536	-
Payment from RiverBank for cancelled groves		132,963	147,511
Payments from RiverBank for shortfall funding		568,012	554,849
Paid to Responsible Entity		(3,856,815)	(3,592,486)
Interest received		9,407	48,420
Net cash provided by / (used in) operating activities		(2,282,897)	(2,841,706)
Cash flows from financing activities:			
Contributions from growers		2,019,646	2,257,409
Net cash provided by financing activities		2,019,646	2,257,409
Net decreases in cash and cash equivalents		(263,251)	(584,297)
Cash and cash equivalents at beginning of year		503,644	1,087,941
Cash and cash equivalents at end of year	5(a)	240,393	503,644

The accompanying notes form part of these financial statements

RFM Almond Fund 2008

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

The financial report covers RFM Almond Fund 2008 ("AF08") as an individual entity. AF08 is a scheme, established and domiciled in Australia. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of AF08 for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 25 September 2012.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently adopted to all periods presented, unless otherwise stated.

(i) Scheme information

AF08 is a registered Australian Managed Investment Scheme, and was constituted in 2008. Rural Funds Management (RFM), the Responsible Entity of the Scheme is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 2, 2 King Street, Deakin, ACT 2600.

The Scheme is responsible for managing the cashflows to enable the commercial growing of almonds to be sold for consumption in Australia and internationally.

The Scheme does not operate a business in its own right. AF08 acts as a conduit for the receipt of income from the sale of almond produce, and the distribution of the same to the grower investors. It also acts as a conduit for the receipt of monies from growers and where applicable the distribution of those monies in accordance with the Scheme's constituent documents. Growers are responsible for all operating costs, licence and management fees, including an interest component to fund the operation. Any profits made under the Scheme are profits made by the growers.

For the duration of the licence period Growers are entitled to receive the net cashflows arising under the Scheme, being the revenue from almond sales less Scheme costs. Prior to the almond trees reaching commercial maturity, Scheme costs will exceed revenues and the growers are required to fund the shortfall. Once the revenues exceed the costs, the surplus will be distributed to Growers.

As the Scheme manages the cashflows associated with the above and does not operate a business in its own right, the Scheme does not have net assets. The respective rights and obligations under the Licence and Management Agreement ("LMA") rest with the Growers.

RFM Almond Fund 2008

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

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

(ii) Obligations of the Responsible Entity

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

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

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

(iii) Other obligations to Members of the Scheme

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

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

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

(b) Change in accounting policy

Management have adopted a voluntary change in accounting policy with a view to providing more reliable and relevant information in accordance with AASB 108. There is no Australian Accounting Standard that specifically applies to the presentation of the accounts for the Scheme. This change in policy has been made to increase transparency and is considered to provide better information to Growers, the primary users of this report.

Management of the Responsible Entity of the Scheme have determined that in order to provide more

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(b) Change in accounting policy (continued)

relevant information to growers about the financial position of the Scheme all transactions should be reported including those arising under the LMA.

This change results in the balances being shown in the Statement of Comprehensive Income reflecting harvest proceeds in the period in which they become receivable and then deducting from this amount expenses incurred during the period. In prior periods accounts, the harvest proceeds and other amounts receivable were offset against expenses to show nil income and expenses for the period. These amounts have been restated in the comparatives for the year ended 30 June 2011.

In addition, the Statement of Financial Position now shows separately, assets related to harvest receivables and balances related to transactions with the responsible entity. In prior periods, the Statement of Financial Position only stated the cash balances of the Scheme with no other assets and liabilities being reported on a collective Scheme basis. As a result of the change in accounting policy, the current assets of the Scheme were increased by \$1,447,398 and current liabilities were increased by \$610,511 as at 30 June 2011.

The statement of changes in net assets attributable to growers formerly showed nil balances due to the impact of transactions being net off. As a result of the change in accounting policy this statement now reflects amounts paid into the Scheme by growers and their application throughout the period.

(c) Statement of compliance

The financial report of AF08 complies with Australian Accounting Standards and International Financial Reporting Standards.

(d) Reporting Basis and Conventions

The financial report is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

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

The financial report has been prepared on an accruals basis and are based on historical costs.

(e) Cash and Cash Equivalents

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

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(f) Trade and other receivables

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

Receivables and revenue is based on the expected net proceeds from the sale of produce, which is generally harvested in the first four months of the calendar year. The Scheme receives installment payments of the proceeds and therefore the final sale price will not be known until the final installment is received, which for the current harvest is due in June 2012. The forecast sale price is \$4.80 per kilogram (2011: \$4.20).

(g) Financial Instruments

Recognition

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

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

(h) Trade and other payables

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

Payables include distributions payable. The carrying period is aligned with the receipt of trade receivables in accordance with note 1(f) and the terms of the Scheme constitution which determine that distributions are payable on or before 30 September each year.

(i) Revenue

Interest revenue is recognised in the statement of comprehensive income as it accrues, on an effective interest rate basis.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(i) Revenue (continued)

Revenue from the sale of agricultural produce is recognised when the produce has been delivered to the customer, the customer has accepted the produce and collectability of the related receivable is probable. The value of the revenue is based on a forecast of the final sale price, as detailed at Note 1(f).

(j) Goods and Services Tax (GST)

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

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

(k) Going concern

The Scheme accounts have been prepared on a going concern basis.

The ability of the Scheme to continue as a going concern is subject to the ongoing contributions being received from growers. Based on the history of contributions received since RFM became the Responsible Entity, the Directors of RFM are satisfied that it is reasonable to expect that growers will continue to provide their ongoing contributions.

(l) Income Tax

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

(m) Terms and conditions on interests

Each Grower entered into a LMA under which they contracted with the Responsible Entity to take a lease of one or more Almondlots, totalling 0.25 hectares each, within the almond grove, and for the Responsible Entity to carry on the future management and maintenance of those Almondlots for the duration of the project. The Responsible Entity will arrange for the harvest of the almond produce on behalf of Growers. The almond produce from all Almondlots in the project will be aggregated with Growers receiving their proportionate share of the proceeds of sale of almond produce from the project as arranged by the Responsible Entity.

As a result of the resolutions passed at a meeting of Growers on 24 February 2010 an Almondlot is defined as an area of approximately 0.25 hectares or such other size as notified by the Responsible Entity to the Grower. At the date of this report the Almondlot size is 0.2158 hectares.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

(n) Shortfall on Funds

In February 2011, RiverBank and the Scheme clarified the obligations of both parties in a Funding Agreement, by which RiverBank agreed to take a licence over the cancelled Almondlots, pay any shortfall associated with the fixed fee period (up to a maximum of \$2m annually); and thereafter, up to 30 June 2015 provide funding to the Scheme to assist in meeting the ongoing costs of orchard maintenance and management and other expenses of the Scheme (capped as \$2.66m).

In accordance with the Funding Agreement, RiverBank paid the 2012 shortfall amount directly to RFM, as Responsible Entity.

(o) 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 Scheme has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Scheme:

Standard name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2016	- Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released
AASB 2010-8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets	30 June 2013	Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale.	No impact expected.
AASB 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies (continued)

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

Standard name	Effective date for entity	Requirements	Impact
AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	Since the entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.
AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income.	30 June 2013	Entities will be required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	The items shown in other comprehensive income will be separated into two categories.

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

2 Revenue

	2012	2011
	\$	\$
Harvest proceeds receivable	1,409,885	890,150
	1,409,885	890,150

3 Other Income

Funding from RiverBank for cancelled groves	153,339	147,511
Shortfall funding from RiverBank	634,846	839,972
Other	5,200	-
Total	793,385	987,483

The number of cancelled groves increased during the financial year to 70 groves (2011: 39 groves). Shortfall funding was paid directly to the Responsible Entity.

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Notes to the Financial Statements

For the Year Ended 30 June 2012

4 Auditor's Remuneration

	2012	2011
	\$	\$
Remuneration of the auditor of the Scheme for:		
Ernst & Young		
- An audit or review of the financial report of the entity	3,245	14,500
Boyce Assurance Services Pty Limited		
- An audit or review of the financial report of the entity	26,035	-
Total	29,280	14,500

5 Cash and Cash Equivalents

Cash and cash equivalents	240,393	503,644
	240,393	503,644

(a) Reconciliation of cash

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

Cash and cash equivalents	240,393	503,644
	240,393	503,644

6 Trade and Other Receivables

Harvest proceeds receivable	1,409,884	890,150
Sundry Debtors	65,017	-
Total	1,474,901	890,150

7 Trade and Other Payables

Trade payables	62,733	610,511
	62,733	610,511

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Notes to the Financial Statements

For the Year Ended 30 June 2012

8 Financial Risk Management Policies

(a) Financial risk management objectives, policies and processes

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

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

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

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

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2012

(d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. Market risk has previously not been considered to be significant to the Scheme, as any shortfall in revenue was funded by RiverBank. From 2013 onwards, the growers will bear any market risk.

(e) Fair values

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

9 Key Management Personnel Compensation

(a) Directors

The Directors of RFM are considered to be Key Management Personnel of the Scheme. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

David Bryant
Guy Paynter
Michael Carroll

(b) Fees Paid to Responsible Entity

RFM provided management services to the scheme.

In accordance with the changes to the Constitution and LMA's, the Responsible Entity received management fees of \$229.48 (2011: \$222.08), inclusive of GST, per Almondlot.

Total fees paid by the scheme to the Responsible Entity during the period for management of the Scheme were \$225,812 (2011:\$226,299).

Following the appointment of RFM as the Responsible Entity on the 24 February 2010, the constitution of the Scheme was amended and the management fee structure for 30 June 2010 was changed to \$2,400 plus \$250 plus 100% of the Total Almond Revenue per Almondlot.

The revised fee structure has been applied retrospectively from 1 July 2009 to growers that elected to remain in the scheme. Following the decision of the Responsible Entity to reduce the lot size from 0.25ha to 0.2158ha the revised fees and costs were scaled back on a proportional basis to \$2,072 plus \$216 (adjusted for CPI) plus 100% of Total Almond Revenue (all GST inclusive).

For the year ended 30 June 2012, the fees and costs, applied on a similar scaled back basis were \$2,072 plus \$229 plus 100% of Total Almond Revenue (all GST inclusive).

(c) Compensation of Key Management Personnel

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

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Notes to the Financial Statements

For the Year Ended 30 June 2012

9 Key Management Personnel Compensation (continued)

(c) Compensation of Key Management Personnel (continued)

No direct payments were made to key management personnel from AF08.

(d) Interests in the Scheme held by the Responsible Entity and its Associates

RiverBank is a fund managed by the Responsible Entity and is thus associated with it.

RiverBank has been granted licenses over 70 Almondlots by the Scheme. Under the terms of these licenses, RiverBank is entitled to the harvest proceeds arising from these lots and is obligated to pay the operating expenses and management fees. RiverBank does not have the rights or obligations of a Grower under the Scheme.

In 2012, RiverBank paid to the Scheme in respect of these Almondlot \$132,963 to cover the operating expenses associated with these lots.

10 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Farm manager (Rural Funds Management Limited)

The farm manager's fees are based on the farm operating costs incurred by the Responsible Entity plus property licence fees, and management fees prescribed by the Scheme's revised constitution during the period ended 30 June 2012.

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

	2012	2011
	\$	\$
Responsible Entity's management fees	225,812	226,299
Land lease	1,090,577	1,014,414
Agribusiness operations	2,249,312	2,215,852
P & E rental	345,483	174,909
Funding from RiverBank	(788,183)	(987,483)
Total	3,123,001	2,643,991

Land lease payments and plant and equipment rental payments were subsequently remitted to RiverBank as the owner of the land and plant and equipment.

(b) Creditors

RFM	57,761	86,755
Total	57,761	86,755

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Notes to the Financial Statements

For the Year Ended 30 June 2012

11 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2012	2011
	\$	\$
Net income / (loss) for the period	(1,707,615)	(1,753,842)
Changes in assets and liabilities:		
Increase in trade and term receivables	(27,503)	(1,447,398)
Decrease in trade and other payables	(547,778)	359,534
Cashflow used in operations	(2,282,896)	(2,841,706)

RFM Almond Fund 2008

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Katherine M Kelly
Director
Boyce Assurance Services Pty Limited

Cooma

Dated: 25 September 2012

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Knowledge. Insight. Experience.

Responsible Entity

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