

FarmLink

change • adapt • prosper

2018 Annual Report





OUR FARMLINK STORY

Productivity, profitability and sustainability

FarmLink is about the future of farming – productive, profitable and sustainable farms and farmers. We are committed to delivery of innovation for farmers in southern NSW and supporting them in the implementation of change on their farms and in their farm businesses. We believe that strong farm businesses create vibrant local communities.

Our governance

FarmLink is a not for profit company limited by guarantee established in 2004. The constitutional objectives of the company are focussed on Research Development and Extension (RD and E) activities designed to achieve profitable and sustainable farming businesses in southern NSW. We have approximately 800+ individual members involved in agriculture in SNSW representing 300+ farming, advisory, research and other agribusinesses.

Our Reach

The FarmLink region covers 1.2mil ha of arable land across SNSW. The region encompasses high, medium and low rainfall production zones and a range of farming enterprises from continuous cropping, livestock and mixed farming enterprises. Acidic red duplex soils are dominant in the cereal and canola production zones across the region.

FarmLink reaches over 3000 people annually through our media and social media presence, events, activities and communications. FarmLink's activities and region involves 13 different local government areas, including Temora Shire Council, Junee Shire Council, Coolamon Shire Council, Hilltops Shire Council, Wagga Wagga City Council, Cowra Shire Council, Cootamundra-Gundagai Shire Council, Greater Hume Shire Council, Lockhart Shire Council, Narrandera Shire Council, Bland Shire Council and Weddin Shire Council.

Our Business

FarmLink currently partners with a range of industry organisations and agribusinesses to conduct RD and E activities at demonstration and/or field trial sites across the region including TAIC. We have projects focussed on soil management and health, farming systems, livestock and farm technology. FarmLink has 20 corporate partners across the agribusiness sector. Our partnership packages have been designed to appeal to businesses and organisations with values and aspirations aligned with FarmLink's. We see our partnerships as opportunities to introduce our members to valuable skills and expertise of businesses operating in agriculture across our region and for our partners to meet and better understand our farmers. A FarmLink Partnership allows our farmers and regional businesses to grow long term, beneficial relationships. FarmLink has established a Farming Systems Partnership with Charles Sturt University and other farming systems groups to create a supply chain for agricultural training, research, development and extension in SNSW. Through this, FarmLink contributes to RD&E priority setting, provides access to farmers, field trial capacity and industry work experience opportunities, and receives academic and scientific oversight of projects.

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OUR STRATEGIC OBJECTIVES

Local Focus

Delivering to members locally. FarmLink will create a network of sites for the local delivery of research, demonstration and communication activities across the region

Sustainable Business

The right things the right way. FarmLink will undertake business and operating practices that meet our statutory, contractual and constitutional obligations and create a robust and resilient organisation

Relevant Projects

Meeting member needs. FarmLink will engage in Research, Development and Extension (RD and E) activities that are focussed on the productivity, profitability and sustainability of farming businesses in Southern NSW.

Productive Partnerships

Creating links that add value. FarmLink will partner with individuals and organisations that invest in, work in or have an interest in, RD&E activities that are valuable to our members or can assist us in delivering on our activities for members

OUR KEY ACTIVITIES

Local Focus

Establish local trial sites and farmer discussion groups to embed innovations on-farm.

Continue to identify and prioritise RD and E requirements of farmers across SNSW and present those nationally, regionally and locally to facilitate investment and delivery of relevant innovation

Sustainable Business

Continue to diversify revenue for FarmLink to allow delivery of innovation with less reliance on project funds

Implement formalised project management processes to support growing staff and project numbers.

Relevant Projects

Convert RD and E committee priorities into on-the-ground projects for soils and farming systems

Work with industry and funding partners to deliver innovation in strategic weed management, soil health and fertility, nitrogen use efficiency management and productive pulse production in SNSW

Quantify the benefits — social, economic and environmental — of regional agriculture and groups such as FarmLink

Productive Partnerships

Continue to work with local advisors, NSW DPI and CSIRO to develop and deliver innovation for members

Work with industry partners to establish a hub of innovation for Southern NSW



FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

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FARMLINK RESEARCH LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report on FarmLink Research Limited for the financial year ended 31 December 2018.

Information on Directors

The names of each person who has been a Director during the year and to the date of this report are:

Ms Lisa Anderson	Appointed 30/01/2015
Position	Chairperson (from 26/02/2018)
Qualifications	Bachelor of Economics, Bachelor of Law, GAICD
Special responsibilities	Audit & Risk Committee, Nominations and Remunerations Committee
Mr Bernard Hart	Appointed 6/01/2014
Position	Director
Qualifications	Bachelor of Agricultural Science
Special responsibilities	RD&E Committee
Mr Ronald Heinrich	Appointed 6/01/2014
Position	Director
Qualifications	Solicitor – SAB, SAICD
Special responsibilities	Chair of Audit & Risk Committee, Chair of Nominations and Remunerations Committee
Mr Robert McColl	Appointed 6/01/2014
Position	Director
Qualifications	Bachelor of Farm Management
Special responsibilities	Deputy Chair and Audit & Risk Committee
Mr John Stevenson	Appointed 26/02/2018
Position	Director
Qualifications	Bachelor of Applied Science - Agriculture
Special responsibilities	RD&E Committee
Mrs Jennyvean Thompson	Appointed 26/02/2018
Position	Director
Qualifications	Masters of Business Administration, Diploma in Financial Markets
Special responsibilities	Audit & Risk Committee
Mr Michael Sinclair	Appointed 18/03/2016
Position	Director
Qualifications	Bachelor of Applied Science - Agriculture
Special responsibilities	Chair of RD&E Committee, Nominations and Remunerations Committee

FARMLINK RESEARCH LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Mr Darryl Harper	Resigned 26/02/2018
Position	Chairperson
Qualifications	Associate Diploma Farm Management
Special responsibilities	RD&E Committee, Nominations and Remunerations Committee

Mr Robert Patterson	Resigned 26/02/2018
Position	Director
Qualifications	Bachelor of Agricultural Science, Master of Agricultural Science, GAICD
Special responsibilities	Deputy Chair of Audit & Risk Committee

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

Significant changes in state of affairs

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

Principal activities

The principal activities of FarmLink Research Limited during the financial year were to coordinate and communicate private, public and grower group funded research and development activities within southern New South Wales (NSW).

No significant changes in the nature of the Company's activities occurred during the financial year.

Short term objectives

Based on the 2015-2018 FarmLink Research Limited strategic plan, operating environment, constitutional objectives and current state of business, the Company's short term objectives are:

- Relevant projects – meeting member needs. The Company will engage in Research, Development and Extension (RD&E) activities that are focussed on the productivity, profitability and sustainability of farming businesses in southern NSW;
- Productive Partnerships – creating links that add value. The Company will partner with individuals and organisations that invest in, work in or have an interest in, RD&E activities that are valuable to the members or can assist the Company in delivering on its activities for members;
- Local focus – delivering to members locally. The Company will create network of sites for the local delivery of research, demonstration and communication activities across the region; and
- Sustainable Business – the right things the right way. The Company will undertake business and operating practices that meet statutory, contractual and constitutional obligations and create a robust and resilient organisation.

FARMLINK RESEARCH LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Long term objectives

The Company's long term objectives are to:

- Improve the viability of farm businesses in southern NSW through research and development of systems that will further the environmental and economic sustainability of the region;
- Act as an independent regional grower and industry driven organisation that recognises and addresses the research and development needs of local communities in southern NSW;
- Develop, test and extend innovative science based management systems to improve profitability and protect the natural resource base of mixed farms in southern NSW; and
- Co-ordinate and communicate more widely and effectively the results of private, public and grower group funded research and development activities relevant to farming systems in southern NSW.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

Relevant projects – meeting member needs

- FarmLink Research Limited to be recognised as reflecting and representing southern NSW farming businesses;
- Understand, prioritise and communicate the RD&E needs of farming businesses in southern NSW;
- Secure projects that fit within the priorities determined by members;
- Establish reputation for high quality project delivery; and
- Undertake targeted and effective communications with members, partners and industry.

Productive Partnerships – creating links that add value

- Develop relationships with other farming system groups in order to share knowledge, increase impact and bargaining power and critical mass;
- Develop formal relationships with RD&E providers in southern NSW;
- Maintain relationship with Temora Shire Council; and
- Engage sponsors from each industry segment.

Local focus – delivering to members locally

- Establish focal points for RD&E activities at selected locations around the region – Grenfell, Harden, Henty, Lockhart, Temora, Coolamon, Beckom/Ardlethan.

FARMLINK RESEARCH LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Sustainable Business – the right things the right way

- Reduce reliance on project funding and develop alternative income streams;
- Reduce fixed operating costs of business;
- Maintain appropriately skilled technical, administrative and operational staff required to deliver business activities effectively and efficiently; and
- Maintain good governance and business practices.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Delivering innovation to farmers in southern NSW; and
- Facilitating interaction between farmers, advisors and researchers to better define RD&E issues/opportunities and to enable adoption of outcomes.

Performance measures

The following measures are used within the Company to monitor performance:

- Financial performance against budget; and
- Project delivery against milestones.

Members' guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At year end, the total amount that members of the Company are liable to contribute if the Company is wound up is \$ 327 (2017: \$312).

Operating results

The profit of the Company after providing for income tax amounted to \$ 1,934,736 (2017: \$126,529). The profit for the year included an isolated event of \$1,900,000, therefore, the result excluding the isolated event would be \$34,736.

Events after the reporting date

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

FARMLINK RESEARCH LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Meetings of Directors

During the financial year, 6 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Eligible to attend	Number Attended
Ms Lisa Anderson	6	5
Mr Bernard Hart	6	5
Mr Ronald Heinrich	6	5
Mr Robert McColl	6	6
Mr John Stevenson	6	4
Mrs Jennyvean Thompson	6	6
Mr Michael Sinclair	6	6
Mr Darryl Harper	1	1
Mr Robert Patterson	1	1

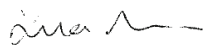
Indemnification

The Company has paid premiums to insure each of its Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than the conduct involving a willful breach of duty in relation to the Company.

Auditors' independence declaration

The auditors independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2018 has been received and can be found on page 6 of the financial report.

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



Director:

Ms Lisa Anderson



Director:

Mr Ronald Heinrich

Dated 25 March 2019

FARMLINK RESEARCH LIMITED
ABN: 23 109 837 505

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2018, 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.

National Audits Group Pty Ltd
Authorised Audit Company



Steven J Watson
Managing Director

Dated 28 March 2019

Wagga Wagga

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Note	\$	\$
Revenue		2,699,448	831,570
Other income		2,037,706	114,677
Total revenue	4	<u>4,737,154</u>	<u>946,247</u>
Advertising and development		(15,525)	(9,908)
Audit and accounting fees		(26,250)	(22,667)
Communication and events		(98,023)	(91,740)
Depreciation		(38,333)	(22,627)
Employee benefits		(770,521)	(527,532)
General office expenses		(42,340)	(30,788)
Insurance		(11,506)	(4,928)
Motor vehicle		(17,229)	(10,197)
Other expenses		(16,740)	(14,451)
Printing and stationery		(18,477)	(16,665)
Program expenses		(1,679,084)	(2,315)
Telephone, internet and IT expenses		(38,293)	(29,974)
Travel expenses		(23,155)	(23,303)
Employee training		(6,942)	(12,623)
Profit before income tax		<u>1,934,736</u>	<u>126,529</u>
Income tax expense	2(a)	-	-
Profit for the year		<u>1,934,736</u>	<u>126,529</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>1,934,736</u>	<u>126,529</u>

The accompanying notes form part of these financial statements.

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	889,655	2,215,655
Trade and other receivables	6	182,129	170,334
Other financial assets	7	1,817,488	-
TOTAL CURRENT ASSETS		<u>2,889,272</u>	<u>2,385,989</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	269,353	67,885
TOTAL NON-CURRENT ASSETS		<u>269,353</u>	<u>67,885</u>
TOTAL ASSETS		<u>3,158,625</u>	<u>2,453,874</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	85,052	95,259
Other liabilities	10	364,433	1,590,150
Employee benefits	11	36,256	30,317
TOTAL CURRENT LIABILITIES		<u>485,741</u>	<u>1,715,726</u>
TOTAL LIABILITIES		<u>485,741</u>	<u>1,715,726</u>
NET ASSETS		<u>2,672,884</u>	<u>738,148</u>
EQUITY			
Retained earnings		<u>2,672,884</u>	<u>738,148</u>
TOTAL EQUITY		<u>2,672,884</u>	<u>738,148</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Retained earnings at the beginning of the year	738,148	611,619
Profit for the year	1,934,736	126,529
Retained earnings at the end of the year	<u>2,672,884</u>	<u>738,148</u>

The accompanying notes form part of these financial statements.

FARMLINK RESEARCH LIMITED

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	978,896	906,181
Payments to suppliers and employees	(2,205,212)	666,786
Interest received	17,833	4,195
Net cash provided by/(used in) operating activities	<u>(1,208,483)</u>	<u>1,577,162</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	34,778	14,368
Purchase of property, plant and equipment	(252,295)	(50,271)
Purchase of managed investments	(1,800,000)	-
Net cash used in investing activities	<u>(2,017,517)</u>	<u>(35,903)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(22,800)
Net cash used in financing activities	<u>-</u>	<u>(22,800)</u>
OTHER ITEMS:		
Non-operating lump sum receipt	2, (b) 1,900,000	-
Net cash provided by other items	<u>1,900,000</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents held	(1,326,000)	1,518,459
Cash and cash equivalents at beginning of year	2,215,655	697,196
Cash and cash equivalents at end of financial year	5 <u>889,655</u>	<u>2,215,655</u>

The accompanying notes form part of these financial statements.

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The financial report covers FarmLink Research Limited as an individual entity. FarmLink Research Limited is a not-for-profit Company Limited by Guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of FarmLink Research Limited is Australian dollars (\$AUD) and all amounts have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 29 March 2019.

1 BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, *Corporations Act 2001* and *Corporations Regulations 2001*.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt. Project work in progress is recognised as an asset, until such time the project has been completed.

Interest revenue

Interest is recognised using the effective interest method.

Membership subscriptions

Membership subscriptions represent the amounts received from the Company's members in accordance with the Rules of the Company and are recognised in the year to which they relate on a straight-line basis.

FARMLINK RESEARCH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Research and events revenue

An agricultural management agreement is in place with Temora Shire Council (Council) to occupy the parcel of land and buildings known as Temora Agricultural Innovation Centre. Under the terms of the agreement, the Company is managing and conducting farming operations on the site, on Council's behalf, and operating a commercial research and events organisation in partnership with the Council. The income generated from commercial research and events is distributed proportionately to the Company, and to the Council in accordance with the agreement.

Other income

During the year the Company received a \$1,900,000 lump sum payment from a third party following negotiation. The Directors have chosen not to disclose any further details of this receipt due to its commercial in confidence nature

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any impairment losses.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, is depreciated on a reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Equipment & furniture	7.5-50%
Motor Vehicles	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(e) Financial instruments

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred). Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets.

After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated by the entity to be carried at fair value through profit or loss upon initial recognition.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

During the year ended 31 December 2018, the Company entered into an investment agreement with Harper Bernays Limited to the value of \$1,800,000.

Financial liabilities

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

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

FARMLINK RESEARCH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and short-term deposits which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(h) Employee benefits

A liability is made for the the Company's employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(i) Economic dependence

FarmLink Research Limited is dependent on the Grains Research and Development Corporation and Temora Shire Council for the significant portion of its revenue used to operate the business. FarmLink has successfully implemented strategies at the date of this report and the Directors have no reason to believe the Grains Research and Development Corporation and Temora Shire Council will not continue to support FarmLink Research Limited.

(j) Adoption of new and revised accounting standards

The Australian Accounting Standards Board has revised AASB 9 Financial Instruments, which sets out a new forward looking 'expected loss' impairment model and replaces the incurred loss model in AASB 139 Financial Instruments: Recognition and Measurement. Under the AASB 9 'expected loss' model, a credit event (or impairment trigger) no longer has to occur before credit losses are recognised.

The Directors have assessed the impact of AASB 9 and deemed it to be immaterial when compared to the current practice under the incurred loss model.

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date	Requirements	Impact
AASB 15 - Revenue from Contracts with Customers	1 January 2019	Identify the contract(s) with the customer, identify the performance obligations, determine the transaction price and recognise revenue when a performance obligation is satisfied.	Minimal impact as the Company currently recognises contract income when the work has been performed and the performance obligation has been satisfied.
AASB 16 - Leases	1 January 2019	The lessee must recognise a 'right-of-use' asset representing an Entity's right to use the underlying asset and a 'lease liability' representing an Entity's obligation to make lease payments.	Minimal impact due to their immaterial nature.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors make estimates and judgements during the preparation of this financial report regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial report, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

4 REVENUE AND OTHER INCOME

Revenue

Consulting fees	329,501	273,818
Interest income	17,833	4,195
Membership subscriptions	65,400	63,200
Operating grants	2,198,532	426,139
Reimbursements	8,182	8,218
Sponsorships	80,000	56,000
Total revenue	<u>2,699,448</u>	<u>831,570</u>

Other income

Administration services	25,208	22,583
Increase in market value	17,488	-
Lump sum receipt	2(b) 1,900,000	-
Other income	20,136	19,909
Temora agricultural innovation centre income	74,874	72,185
Total other income	<u>2,037,706</u>	<u>114,677</u>
Total revenue and other income	<u>4,737,154</u>	<u>946,247</u>

5 CASH AND CASH EQUIVALENTS

CURRENT

Short-term deposits	-	1,499,440
Cash at bank	889,655	716,215
	<u>889,655</u>	<u>2,215,655</u>

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

6 TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	49,582	148,040
Project work in progress	132,547	22,294
	<u>182,129</u>	<u>170,334</u>

7 OTHER FINANCIAL ASSETS

CURRENT

Managed investments At fair value through profit and loss	13	<u>1,817,488</u>	<u>-</u>
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8 PROPERTY, PLANT AND EQUIPMENT

NON-CURRENT

Plant and equipment

At cost	121,658	20,222
Accumulated depreciation	(15,556)	(3,298)
	<u>106,102</u>	<u>16,924</u>

Motor vehicles

At cost	191,127	80,405
Accumulated depreciation	(30,649)	(34,989)
	<u>160,478</u>	<u>45,416</u>

Office equipment

At cost	12,099	12,099
Accumulated depreciation	(9,326)	(6,554)
	<u>2,773</u>	<u>5,545</u>

Total property, plant and equipment	<u>269,353</u>	<u>67,885</u>
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FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Year ended 31 December 2018				
Balance at the beginning of year	16,924	45,416	5,545	67,885
Additions	101,655	150,640	-	252,295
Disposals	-	(12,494)	-	(12,494)
Depreciation expense	(12,477)	(23,084)	(2,772)	(38,333)
Balance at 31 December 2018	106,102	160,478	2,773	269,353

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

9 TRADE AND OTHER PAYABLES

CURRENT

Trade payables	39,351	73,142
GST payable	45,701	22,117
	<u>85,052</u>	<u>95,259</u>

10 OTHER LIABILITIES

CURRENT

Grains R&D corporation grant in advance	-	1,499,440
Project income in advance	364,433	90,710
	<u>364,433</u>	<u>1,590,150</u>

11 EMPLOYEE BENEFITS

CURRENT

Annual leave	36,256	30,317
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12 KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration paid to key management personnel of the Company during the year ended 31 December 2018 was in the range of \$ 0 - \$ 200,000 (2017: \$0 - \$200,000). Total remuneration consists of wages and salaries paid to key management as well as honorariums, allowances and gifts paid to the Directors during the year.

For details of other transactions with key management personnel, refer to Note 13: Related Parties.

13 RELATED PARTIES

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel. Key management personnel of the Company during the year were as follows:

- Ms Lisa Anderson (Chairperson)
- Mr Bernard Hart (Director)
- Mr John Stevenson (Director)
- Mr Ronald Heinrich (Director)
- Mr Robert McColl (Director)
- Mr Michael Sinclair (Director)
- Mrs Cindy Cassidy (Chief Executive Officer)
- Mr Robert Patterson (Resigned - 26/02/2018)
- Mr Darryl Harper (Resigned - 26/02/2018)

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

For details of remuneration disclosures relating to key management personnel, refer to Note 12: Key Management Personnel Remuneration.

Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

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

The following transactions occurred with related parties during the year:

	Purchases	Sales	Other	Owed to the Company	Owed by the Company
	\$	\$	\$	\$	\$
Other related parties	6,430	16,292	1,817,488	-	-
	<u>6,430</u>	<u>16,292</u>	<u>1,817,488</u>	<u>-</u>	<u>-</u>

14 CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (31 December 2017: None).

15 EVENTS AFTER THE END OF THE REPORTING PERIOD

The financial report was authorised for issue on 29 March 2019 by the Board of Directors.

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

16 COMPANY DETAILS

The registered office and principal place of business of the Company is:

FarmLink Research Limited
361 Trungley Hall Road
Temora NSW 2666

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

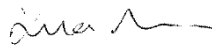
DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 20, are in accordance with the *Corporations Act 2001*, *Corporations Regulations 2001* and the accounting policies outlined in Note 2 of the financial statements, and:
 - (a) comply with the Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year then ended.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Ms Lisa Anderson



Director

Mr Ronald Heinrich

Dated 25 March 2019

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of FarmLink Research Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included within the Company's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, *Corporations Act 2001* and the *Corporations Regulation 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

FARMLINK RESEARCH LIMITED

ABN: 23 109 837 505

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Responsibilities of Directors for the Financial Report (Continued)

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

FARMLINK RESEARCH LIMITED
ABN: 23 109 837 505

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

National Audits Group Pty Ltd
Authorised Audit Company



Steven J Watson
Managing Director

Dated 28 March 2019

Wagga Wagga



FarmLink Research Limited

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