



# 2019 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.

# Contents

**OUR FARMLINK STORY** .....page 2

**OUR STRATEGIC OBJECTIVES** .....page 4

Local Focus

Sustainable Business

Relevant Projects

Productive Partnerships

**OUR KEY ACTIVITIES** .....page 5

Local Focus

Sustainable Business

Relevant Projects

Productive Partnerships

**OUR FINANCIAL STATEMENTS** ..... from page 6





# OUR STRATEGIC OBJECTIVES

## Operational Mission 1:

### INNOVATION IN LEADERSHIP

To be achieved through -

- > Industry leadership in innovation
- > Member engagement
- > Capable RD&E committee
- > Skilled technical resources

## Operational Mission 2:

### SUSTAINABLE ORGANISATION

To be achieved through -

- > Robust Corporate Governance framework
- > CEO and Staff capability
- > Financial stability
- > Member and partner value

# 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**

**Financial Report**

**ABN: 23 109 837 505**

**31 December 2019**

**CONTENTS****Page No**

Directors' Report	3
Auditor's Independence Declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' Declaration	24
Independent Auditor's Report	25

## **DIRECTORS' REPORT**

The directors present their report, together with the financial statements, on FarmLink Research Limited for the year ended 31 December 2019.

### **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: Nominations and Remunerations Committee, RD&E Committee

Mr Bernard Hart

Appointed 6/01/2014

Resigned: 03/05/2019

Position: Director

Qualifications: Bachelor of Agricultural Science

Special responsibilities: RD&E Committee

Mr Ronald Heinrich

Appointed 6/01/2014

Position: Director

Qualifications: Solicitor, Chartered Tax Advisor

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



## **DIRECTORS' REPORT (cont.)**

Mr Colin McCrone

Appointed 29/03/2019

Position: Director

Qualifications: Certificate Practising Accountant (CPA)

Special Responsibilities: Audit & Risk Committee

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 activities of FarmLink Research Limited ("the Company") 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.

### **Operating results**

The surplus of the Company after providing for income tax amounted to \$630,208 (2018: \$1,934,736). The surplus for prior year included an isolated event of \$1,900,000, therefore, the result excluding the isolated event would be \$34,736.

### **Significant changes in state of affairs**

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

### **Short-term objectives**

Based on the 2019 FarmLink Research Limited strategic plan, operating environment, constitutional objectives and current state of business, the Company's short-term objectives are:

- Innovation Leadership – This is broken down into the following categories; industry leadership in innovation, member engagement, capable RD&E Committee and skilled technical resources. The Company will meet these objectives through high quality and value delivery, targeted member communications and staff training and development.
- Sustainable Organisation – This is broken down into the following categories; corporate governance framework, CEO and staff, financial stability and member and partner value. The Company will meet these objectives through a skills-based board, robust financial reporting systems, diversified income stream and active involvement of members and partners.

### **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;

## DIRECTORS' REPORT (cont.)

### Long term objectives (cont.)

- 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.

### 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.

### Meetings of Directors

During the financial year, 4 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Eligible to attend	Number Attended
Ms Lisa Anderson	4	4
Mr Bernard Hart (resigned 03/05/2019)	1	-
Mr Ronald Heinrich	4	4
Mr Robert McColl	4	4
Mr John Stevenson	4	4
Mrs Jennyvean Thompson	4	4
Mr Michael Sinclair	4	4
Mr Colin McCrone	4	4

### 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 wilful breach of duty in relation to the Company.

## DIRECTORS' REPORT (cont.)

### 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 \$526 (2018: \$327).

### Events after the reporting date

After the balance date the COVID-19 pandemic has been declared. The global trade and investment market have been significantly affected by this pandemic; which has resulted -since the end of the financial year and as at the date of signing this financial report- in a decrease in the fair value of the investment portfolio held by the Company of approximately 28%. Apart from this, it is difficult to predict at this time how significant any financial impacts will be.

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

### Auditors' independence declaration

The Auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2019 has been received and can be found on page 7 of the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

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



Director: .....  
Ms Lisa Anderson



Director: .....  
Mr Ronald Heinrich

Dated: 6th of April 2020



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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of FarmLink Research Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to be 'RJM'.

**R J MORILLO MALDONADO**

Partner

Dated: 6 April 2020  
Melbourne, Victoria

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2019

	Notes	2019	2018
<b>Revenue</b>			
Revenue		2,127,497	2,782,509
Other income		249,779	1,937,157
<b>Total Revenue</b>	4	<b>2,377,276</b>	<b>4,719,666</b>
<b>Expenses</b>			
Advertising and development		22,967	15,525
Communication and events		292,984	98,023
Depreciation		94,180	38,333
Employee benefits		866,886	663,405
Contract Services		509,111	107,116
Travel expenses		43,338	23,155
Other expenses		238,734	1,856,861
<b>Surplus before gain/ (loss) from changes in the fair value of financial assets</b>		<b>309,076</b>	<b>1,917,248</b>
Gain/ (loss) from changes in the fair value of financial assets		321,132	17,488
<b>Surplus before income tax</b>		<b>630,208</b>	<b>1,934,736</b>
Income tax expense	2 (a)	-	-
<b>Surplus for the year</b>		<b>630,208</b>	<b>1,934,736</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the financial year</b>		<b>630,208</b>	<b>1,934,736</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

	Notes	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	6	1,820,301	909,216
Trade and other receivables	7	96,237	182,129
<b>Total current assets</b>		<b>1,916,538</b>	<b>1,091,345</b>
<b>Non-Current assets</b>			
Other financial assets	8	1,776,444	1,797,927
Plant and equipment	9	367,641	269,353
<b>Total non-current assets</b>		<b>2,144,085</b>	<b>2,067,280</b>
<b>Total assets</b>		<b>4,060,623</b>	<b>3,158,625</b>
<b>Current liabilities</b>			
Trade and other payables	10	166,595	85,052
Other liabilities	11	539,463	364,433
Employee benefits	12	33,035	36,256
<b>Total current liabilities</b>		<b>739,093</b>	<b>485,741</b>
<b>Non-Current Liabilities</b>			
Employee Benefits	12	18,438	-
<b>Total Non-Current Liabilities</b>		<b>18,438</b>	<b>-</b>
<b>Total liabilities</b>		<b>757,531</b>	<b>485,741</b>
<b>Net assets</b>		<b>3,303,092</b>	<b>2,672,884</b>
<b>Equity</b>			
Retained earnings		3,303,092	2,672,884
<b>Total equity</b>		<b>3,303,092</b>	<b>2,672,884</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*



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**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 December 2019

	\$
<b>Retained earnings at 1 January 2019</b>	<u><b>2,672,884</b></u>
<b><i>Comprehensive income for the financial year:</i></b>	
Surplus for the financial year	<u>630,208</u>
<b>Retained earnings at 31 December 2019</b>	<u><b>3,303,092</b></u>

	\$
<b>Retained earnings at 1 January 2018</b>	<u><b>738,148</b></u>
<b><i>Comprehensive income for the financial year:</i></b>	
Surplus for the financial year	<u>1,934,736</u>
<b>Retained earnings at 31 December 2018</b>	<u><b>2,672,884</b></u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**STATEMENT OF CASH FLOWS**

For the financial year ended 31 December 2019

	Notes	2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		2,636,261	978,896
Payments to suppliers and employees		(2,113,818)	(2,205,212)
Interest received		4,245	17,833
Lump sum receipt	4	-	1,900,000
Dividend and other income		77,463	-
<b>Net cash provided by operating activities</b>		<b>604,151</b>	<b>691,517</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of plant and equipment		-	34,778
Purchase of plant and equipment		(36,563)	(252,295)
Net sales/ (purchase) of managed investments		343,497	(1,780,439)
<b>Net cash used in investing activities</b>		<b>(306,934)</b>	<b>(1,997,956)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>911,085</b>	<b>(1,306,439)</b>
Cash and cash equivalents at the beginning of the financial year		909,216	2,215,655
<b>Cash and cash equivalents at the end of the financial year</b>	6	<b>1,820,301</b>	<b>909,216</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

### **Note 1. Principal activities and basis of preparation**

The financial report covers FarmLink Research Limited (the Company) 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 the Company is Australian dollars (\$AUD) and all amounts have been rounded to the nearest dollar.

#### **Basis of preparation of financial statements**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, *Corporations Act 2001* and *Corporations Regulation 2001*.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### **Note 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 from contracts with customers*

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

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

##### *Grant revenue – 2019*

Where an enforceable agreement is determined, the Company determines whether the promise to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific', AASB 15 principles are applied to determine the appropriate revenue recognition. If these criteria are not met, the Company recognises grants in accordance with AASB 1058 *Income for Not-for-Profit Entities* (refer to note 1 (k)).

### **Note 2. Summary of significant accounting policies (Cont.)**



**(b) Revenue and other income (Cont.)**

*Grant revenue – 2018*

Grant revenue is recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met.

*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.

*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.

**(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 cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**(d) Plant and equipment**

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

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

**Depreciation**

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.

**Note 2. Summary of significant accounting policies (Cont.)**

**(d) Plant and equipment (Cont.)**

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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.

#### **(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**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### **Financial assets at fair value through profit or loss**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. The financial assets were designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### **Financial liabilities**

The Company's financial liabilities include borrowings and trade 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.

#### **(f) Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Note 2. Summary of significant accounting policies (Cont.)**

**(g) Cash and cash equivalents**

Cash and cash equivalents include deposits held at call with financial institutions and cash at call held by the investment manager, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(h) Employee benefits**

*Short-term employee benefits*

Short-term employee benefits include liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be wholly settled within 12 months of the reporting date. These liabilities are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for long service leave is not expected to be wholly settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(i) Comparative figures**

Comparative figures have been reclassified to conform with changes in presentation for the current financial year.

**(j) 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.

**(k) New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Company:

*AASB 15 Revenue from Contracts with Customers*

The Company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

**Note 2. Summary of significant accounting policies (Cont.)**

**(k) New or amended Accounting Standards and Interpretations adopted (Cont.)**

*AASB 16 Leases*

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense is no longer recognised in the profit or loss. Depreciation charge for the right-of-use assets (included in operating costs) and an interest expense, where applicable, on the recognised lease liabilities (included in finance costs).

*AASB 1058 Income of Not-for-Profit Entities*

The Company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

*Impact of adoption*

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2019. Neither of the adoption of these Accounting Standards had any significant impact on the financial performance of the Company for the year ended 31 December 2019 or its financial position at that date.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Critical Accounting Estimates and Judgements**

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.

**Note 3. Critical Accounting Estimates and Judgements (Cont.)**

***Allowance for expected credit losses***

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

***Impairment of 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.

***Estimation of useful lives of assets***

The Company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

***Employee benefits provision***

As discussed in note 2 (h), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



<b>Note 4. Revenue and other income</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Consulting fees	243,930	329,501
Membership subscriptions	61,500	65,400
Project Income	1,403,645	2,198,532
Sponsorships	96,761	80,000
Administration services	19,508	25,208
Temora agricultural innovation centre income	115,956	74,874
Small Events	186,197	8,994
<b>Total revenue</b>	<b>2,127,497</b>	<b>2,782,509</b>
<b>Other income</b>		
Interest income	4,245	17,833
Reimbursements	8,182	8,182
Dividend and other income	77,463	-
Other *	159,889	1,911,142
<b>Total other income</b>	<b>249,779</b>	<b>1,937,157</b>
<b>Total revenue and other income</b>	<b>2,377,276</b>	<b>4,719,666</b>

\* Amount disclosed as 'Other' in 2019 refers to a donation of plant and equipment received during the year. Other in 2018, includes a once off \$1,900,000 lump sum payment from a third-party following a negotiation in relation to an early termination of an agreement between the two parties. The Directors have chosen not to disclose any further details of this receipt due to its commercial in confidence nature.

**Note 5. Other expenses**

	<b>2019</b>	<b>2018</b>
Audit and accounting fees	33,164	26,250
General office expenses	31,943	42,340
Insurance	12,937	11,506
Motor vehicle	29,247	17,229
Printing and stationery	21,638	18,477
Program expenses	-	1,679,084
Telephone, internet and IT expenses	34,426	38,293
Employee training	5,463	6,942
Investment Management Fees	35,331	-
Administration expenses	34,585	16,740
	<b>238,734</b>	<b>1,856,861</b>

**Note 6. Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
Cash at bank	1,417,668	889,655
Cash held by external custodian	402,633	19,561
<b>Total cash and cash equivalents</b>	<b>1,820,301</b>	<b>909,216</b>

Cash held by external custodian, refers to the cash available as at the reporting date within the portfolio of investments managed by the appointed Investment Manager (refer to note 8).

**Note 7. Trade and other receivables**

	<b>2019</b>	<b>2018</b>
Trade receivables	92,958	49,582
Project work in progress	3,279	132,547
<b>Total trade and other receivables</b>	<b>96,237</b>	<b>889,655</b>

**Note 8. Other financial assets**

	<b>2019</b>	<b>2018</b>
Managed investments at fair value through profit and loss	1,776,444	1,797,927
<b>Total other financial assets</b>	<b>1,776,444</b>	<b>1,797,927</b>

Managed investments at fair value through profit and loss, refers to the investments in listed equity instruments within the portfolio of investments managed by the appointed Investment Manager. The total fair value of the portfolio as at 31 December 2019, including the cash and cash equivalent held (refers to note 6), amounted to \$2,179,077 (2018: \$1,817,488).

**Note 9. Plant and equipment**

	2019	2018
<i>Plant and equipment</i>		
Low value equipment pool	9,784	-
At cost	290,834	121,658
Accumulated depreciation	(69,391)	(15,556)
Plant and equipment carrying value	<u>231,227</u>	<u>106,102</u>
<i>Motor vehicles</i>		
At cost	208,400	191,127
Accumulated depreciation	(73,372)	(30,649)
Motor vehicle carrying value	<u>135,028</u>	<u>160,478</u>
<i>Office equipment</i>		
At cost	12,099	12,099
Accumulated depreciation	(10,713)	(9,326)
Office equipment carrying value	<u>1,386</u>	<u>2,773</u>
<b>Total plant and equipment</b>	<u>367,641</u>	<u>269,353</u>

**(a) Movements in Carrying Amounts**

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

	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
<b>Year ended 31 December 2019</b>				
Balance at the beginning of year	106,102	160,477	2,773	269,352
Additions	179,960	13,509	-	193,469
Disposals	-	-	-	-
Depreciation expense	(53,835)	(38,959)	(1,386)	(94,180)
<b>Balance at 31 December 2019</b>	<u>232,227</u>	<u>135,028</u>	<u>1,386</u>	<u>367,641</u>
	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
<b>Year ended 31 December 2017</b>				
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)
<b>Balance at 31 December 2018</b>	<u>106,102</u>	<u>160,477</u>	<u>2,773</u>	<u>269,353</u>

**Note 10. Trade payables**

	<b>2019</b>	<b>2018</b>
Trade payables	116,115	39,351
GST payable	50,480	45,701
<b>Total other liabilities</b>	<b>166,595</b>	<b>85,052</b>

**Note 11. Other liabilities**

	<b>2019</b>	<b>2018</b>
Membership in advance	20,000	27,000
Project income in advance	519,463	337,433
<b>Total other liabilities</b>	<b>539,463</b>	<b>364,433</b>

**Note 12. Employee benefits**

<b>Current</b>	<b>2019</b>	<b>2018</b>
Annual Leave	33,035	36,256
<b>Non-current</b>		
Long Service Leave	18,438	-
<b>Total employee benefits</b>	<b>51,473</b>	<b>36,256</b>

**Note 13. Key Management Personnel Remuneration**

Remuneration to Key Management Personnel consists of wages and salaries paid to key management as well as honorariums, allowances and gifts paid to the Directors during the year.

	<b>2019</b>	<b>2018</b>
Total Key Management Personnel Remuneration	249,199	177,500

For details of other transactions with key management personnel, refer to note 14: Related Parties.

**Note 14. 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 Jennyvean Thompson
- Ms Cindy Cassidy (Chief Executive Officer)
- Mr Colin McCrone (Director)
- Mrs Kylie Dunstan (Operations Manager)

For details of remuneration disclosures relating to key management personnel, refer to note 13: Key Management Personnel Remuneration.

**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/ Services	Sales	Owed to the Company	Owed by the Company
	\$	\$	\$	\$
<b>Year ended 31 December 2019</b>				
Other related parties	158,179	237,143	-	63,103
<b>Total</b>	<b>158,179</b>	<b>237,143</b>	<b>-</b>	<b>63,103</b>

**Other significant balance with Related Parties**

The Company has appointed an Investment Manager, Harper Bernays Limited, to manage its investment portfolio, which amounted to \$2,179,077 and \$1,817,488 at 31 December 2019 and 31 December 2018, respectively (refer to note 8). Mr Ronald Heinrich, director of the Company is also a director of Harper Bernays Limited.

**Note 15. Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2019 (31 December 2018: None).



**Note 16. Events after the end of the reporting period**

After the balance date the COVID-19 pandemic has been declared. The global trade and investment market have been significantly affected by this pandemic; which has resulted -since the end of the financial year and as at the date of signing this financial report- in a decrease in the fair value of the investment portfolio held by the Company of approximately 28%. Apart from this, it is difficult to predict at this time how significant any financial impacts will be.

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

**Note 17. Company details**

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

FarmLink Research Limited  
361 Trungley Hall Road  
Temora NSW 2666

**DIRECTORS' DECLARATION**

In the directors' opinion the financial statements and notes set out on page 8 to 23:

- (a) comply with the *Corporations Act 2001*, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ronald Heinrich  
Director  
Date: 6<sup>th</sup> April 2020



Lisa Anderson  
Chair  
Date: 6<sup>th</sup> April 2020

## **INDEPENDENT AUDITOR'S REPORT To the Members of FarmLink Research Limited**

### **Opinion**

We have audited the financial report of FarmLink Research Limited ('the Company'), which comprises the statement of financial position as at 31 December 2019, 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 2019 and its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

### **Basis for Opinion**

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

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2019; but does not include the financial report and the auditor's report thereon.

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

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

**Other Information (Continued)**

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

**Responsibilities of the 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 Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

**RSM AUSTRALIA PARTNERS****R J MORILLO MALDONADO**

Partner

Dated: 9 April 2020  
Melbourne, Victoria



**FarmLink Research Limited**

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