

FarmLink

change • adapt • prosper

2020 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.

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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 2020

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on FarmLink Research Limited for the year ended 31 December 2020.

Information on Directors

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

Mr Robert McColl
Appointed 6/01/2014
Position: Director/ Chairperson (from 23/10/2020)
Qualifications: Bachelor of Farm Management
Special responsibilities: Chair and Audit & Risk 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 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

Mr Colin McCrone
Appointed 29/03/2019
Position: Director
Qualifications: Certified Practising Accountant
Special Responsibilities: Audit & Risk Committee

Mr Mark Swift
Appointed 01/11/2020
Position: Director
Qualifications: Bachelor of Business (Agricultural Management), Nuffield Scholar

DIRECTORS' REPORT (cont.)

Information on Directors (cont.)

Ms Lisa Anderson

Appointed 30/01/2015

Resigned: 23/10/2020

Position: Chairperson

Qualifications: Bachelor of Economics, Bachelor of Law, GAICD

Special responsibilities: Nominations and Remunerations Committee, RD&E 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 amounted to \$184,230 (2019: \$630,208).

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly changing and is dependent on the rollout of the vaccine and measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 2020 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.

DIRECTORS' REPORT (cont.)

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.

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

	Eligible to attend	Number Attended
Mr Robert McColl	11	10
Mr Ronald Heinrich	11	11
Mr John Stevenson	11	9
Mrs Jennyvean Thompson	11	11
Mr Michael Sinclair	11	9
Mr Colin McCrone	11	11
Mr Mark Swift (appointed 1/11/2020)	1	1
Ms Lisa Anderson (resigned 23/10/2020)	9	8

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 \$620 (2019: \$526).

Events after the reporting date


No 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 2020 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: 
Mr Robert McColl

Director: 
Mr Ronald Heinrich

Dated: 12 of April 2021

RSM Australia Partners

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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 2020, 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 black ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'RJM'.

R J MORILLO MALDONADO

Partner

Dated: 12 April 2021
Melbourne, Victoria

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Notes	2020 \$	2019 \$
Revenue			
Revenue		2,026,865	2,127,497
Other income		317,735	249,779
Total Revenue and other income	4	<u>2,344,600</u>	<u>2,377,276</u>
Expenses			
Advertising and development		16,001	22,967
Communication and events		71,436	292,984
Depreciation	9	94,415	97,944
Employee benefits		948,935	866,886
Contract Services		825,858	509,111
Travel expenses		9,533	39,574
Other expenses	5	<u>237,611</u>	<u>238,734</u>
Surplus before gain/ (loss) from changes in the fair value of financial assets		140,811	309,076
Gain/ (loss) from changes in the fair value of financial assets		<u>43,419</u>	<u>321,132</u>
Surplus before income tax		184,230	630,208
Income tax expense	2 (a)	-	-
Surplus for the year		<u>184,230</u>	<u>630,208</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the financial year		<u>184,230</u>	<u>630,208</u>

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 2020

	Notes	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6	2,646,546	1,820,301
Trade and other receivables	7	143,622	96,237
Total current assets		2,790,168	1,916,538
Non-current assets			
Other financial assets	8	2,028,210	1,776,444
Plant and equipment	9	348,405	367,641
Total non-current assets		2,376,615	2,144,085
Total assets		5,166,783	4,060,623
Current liabilities			
Trade and other payables	10	135,688	166,595
Contract liabilities	11	1,481,832	539,463
Employee benefits	12	61,941	33,035
Total current liabilities		1,679,461	739,093
Non-current liabilities			
Employee benefits	12	-	18,438
Total non-current liabilities		-	18,438
Total liabilities		1,679,461	757,531
Net assets		3,487,322	3,303,092
Equity			
Retained earnings		3,487,322	3,303,092
Total equity		3,487,322	3,303,092

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	\$
Retained earnings at 1 January 2020	<u>3,303,092</u>
<i>Comprehensive income for the financial year:</i>	
Surplus for the financial year	<u>184,230</u>
Retained earnings at 31 December 2020	<u><u>3,487,322</u></u>

	\$
Retained earnings at 1 January 2019	<u>2,672,884</u>
<i>Comprehensive income for the financial year:</i>	
Surplus for the financial year	<u>630,208</u>
Retained earnings at 31 December 2019	<u><u>3,303,092</u></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 2020

	Notes	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from customers		3,182,010	2,636,261
Payments to suppliers and employees		(2,121,881)	(2,113,818)
Interest received		2,120	4,245
Dividend and other income		38,358	77,463
Net cash provided by operating activities		<u>1,100,607</u>	<u>604,151</u>
Cash flow from investing activities			
Proceeds from sale of plant and equipment		90,000	-
Purchase of plant and equipment		(156,015)	(36,563)
Net sales/ (purchase) of managed investments		(208,347)	343,497
Net cash used in investing activities		<u>(274,362)</u>	<u>(306,934)</u>
Net increase in cash and cash equivalents		826,245	911,085
Cash and cash equivalents at the beginning of the financial year		<u>1,820,301</u>	<u>909,216</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>2,646,546</u></u>	<u><u>1,820,301</u></u>

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.

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.

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

Basis of preparation of financial statements

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), *Corporations Act 2001* and *Corporations Regulation 2001*.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through profit or loss.

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.

Note 2. Summary of significant accounting policies (Cont.)**(b) Revenue and other income (Cont.)***Revenue from contracts with customers (cont.)*

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.

Project income

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 project income in accordance with AASB 1058 *Income for Not-for-Profit Entities*.

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.

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

(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.

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.

(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.

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

(f) Impairment of non-financial assets

Impairment testing is performed for non-financial assets 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.

(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) Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

(i) Employee benefits

Short-term employee benefits

Short-term employee benefits include liabilities for wages and salaries, including non-monetary benefits and annual leave as these 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 and therefore is deemed to Other long-term employee benefits and 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.

(j) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.

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

(j) Fair value measurement (Cont.)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(k) Comparative figures

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

(l) 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.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic region in which the Company operates. Other than as addressed in specific notes, currently there does not appear to be any significant impact upon the financial position of the Company or on its future results. However, there remains significant uncertainties with respect to potential subsequent events or conditions which may impact the Company as a result of the Coronavirus (COVID-19) pandemic.

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.

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

Employee benefits provision

As discussed in note 2 (j), 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.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 4. Revenue and other income	2020	2019
	\$	\$
Revenue		
Project Income	1,590,999	1,403,645
Consulting fees	188,403	243,930
Small Events	20,750	186,197
Temora agricultural innovation centre income	79,821	115,956
Sponsorships	87,062	96,761
Membership subscriptions	56,500	61,500
Administration services	3,330	19,508
Total revenue	2,026,865	2,127,497
Other income		
Jobkeeper subsidy*	159,000	-
ATO cashflow boost*	100,000	-
Interest income from financial assets	2,120	4,245
Reimbursements	8,161	8,182
Dividend and other income	38,358	77,463
Profit on sales of plant and equipment	9,164	-
Other *	932	159,889
Total other income	317,735	249,779
Total revenue and other income	2,344,600	2,377,276

* As part of its response to COVID-19, the Australian Government, in March 2020, announced various measures to ease the burden experienced by businesses as a result of the economic fallout from the coronavirus lockdown and social distancing measures. The Company met the eligibility criteria to receive the 'JobKeeper' subsidy and 'Boosting cash flow for employers' payments from the Australian Government, which has been recognised as Other Income in the current financial year.

Note 4. Revenue and other income (Cont.)

* Amount disclosed as 'Other' in 2019 refers to a donation of plant and equipment received during the year. The Directors have chosen not to disclose any further details of this receipt due to its commercial in confidence nature.

Note 5. Other expenses

	2020	2019
	\$	\$
Audit and accounting fees	21,862	33,164
General office expenses	38,057	31,943
Insurance	17,295	12,937
Motor vehicle	30,150	29,247
Printing and stationery	23,660	21,638
Telephone, internet and IT expenses	53,884	34,426
Employee training	2,158	5,463
Investment Management Fees	33,951	35,331
Other administration expenses	16,594	34,585
	<u>237,611</u>	<u>238,734</u>

Note 6. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	2,450,253	1,417,668
Cash held by external custodian	196,293	402,633
Total cash and cash equivalents	<u>2,646,546</u>	<u>1,820,301</u>

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

	2020	2019
	\$	\$
Trade receivables	88,646	92,958
Project work in progress	54,976	3,279
Total trade and other receivables	<u>143,622</u>	<u>96,237</u>

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 8. Other financial assets

	2020	2019
	\$	\$
Managed investments at fair value through profit and loss	2,028,210	1,776,444
Total other financial assets	2,028,210	1,776,444

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 2020, including the cash and cash equivalent held (refers to note 6), amounted to \$2,224,503 (2019: \$2,179,077).

Refer to Note 13 which shows the level of fair value hierarchy based on the lowest level of input that is significant to the fair value measurement of these assets.

Note 9. Plant and equipment

	2020	2019
	\$	\$
<i>Plant and equipment</i>		
Low value equipment pool	-	9,784
At cost	290,834	290,834
Accumulated depreciation	(113,680)	(69,391)
Plant and equipment carrying value	177,154	231,227
<i>Motor vehicles</i>		
At cost	226,245	208,400
Accumulated depreciation	(57,226)	(73,372)
Motor vehicle carrying value	169,019	135,028
<i>Office equipment</i>		
At cost	21,883	12,099
Accumulated depreciation	(19,651)	(10,713)
Office equipment carrying value	2,232	1,386
Total plant and equipment	348,405	367,641

Note 9. Plant and equipment (Cont.)

(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 \$
Year ended 31 December 2020				
Balance at the beginning of year	231,227	135,028	1,386	367,641
Additions	-	156,015	-	156,015
Disposals	-	(80,836)	-	(80,836)
Transfer	(9,784)	-	9,784	-
Depreciation expense	(44,289)	(41,188)	(8,938)	(94,415)
Balance at 31 December 2020	177,154	169,019	2,232	348,405

	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Year ended 31 December 2019				
Balance at the beginning of year	105,883	160,477	2,773	269,133
Additions	179,179	17,273	-	196,452
Disposals	-	-	-	-
Depreciation expense	(53,835)	(42,722)	(1,387)	(97,944)
Balance at 31 December 2019	231,227	135,028	1,386	367,641

Note 10. Trade payables

	2020 \$	2019 \$
Trade payables	91,536	116,115
GST payable	44,152	50,480
Total trade payables	135,688	166,595

Note 11. Contract liabilities

	2020 \$	2019 \$
Membership in advance	18,000	20,000
Project income in advance	1,463,832	519,463
Total contract liabilities	1,481,832	539,463

Note 12. Employee benefits

	2020	2019
	\$	\$
Current		
Annual Leave	43,243	33,035
Long Service Leave	18,698	-
	<u>61,941</u>	<u>33,035</u>
Non-current		
Long Service Leave	-	18,438
Total employee benefits	<u><u>61,941</u></u>	<u><u>51,473</u></u>

Note 13. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Year ended 31 December 2020	Level 1
	\$
Assets	
Managed investments at fair value through profit and loss	<u>2,028,210</u>
Total assets	<u><u>2,028,210</u></u>
Year ended 31 December 2019	Level 1
	\$
Assets	
Managed investments at fair value through profit and loss	<u>1,776,444</u>
Total assets	<u><u>1,776,444</u></u>

There were no transfers between levels during the financial year.

Note 14. 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.

	2020	2019
	\$	\$
Total Key Management Personnel Remuneration	<u>348,304</u>	<u>249,199</u>

For details of other transactions with key management personnel, refer to note 15: Related Parties.

Note 15. 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 (Director/Chairperson) (resigned – 23/10/2020)
- Mr Robert McColl (Director/Chairperson) (Appointed Chairperson – 23/10/2020)
- Mr Ronald Heinrich (Director)
- Mr John Stevenson (Director)
- Mr Michael Sinclair (Director)
- Mr Colin McCrone (Director)
- Mrs Jennyvean Thompson (Director)
- Mr Mark Swift (Director) (appointed – 1/11/2020)
- Ms Cindy Cassidy (Chief Executive Officer) (resigned – 23/10/2020)
- Mr Andrew Bulkeley (Chief Executive Officer) (appointed – 9/11/2020)
- Mrs Kylie Dunstan (Operations Manager)

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

Note 15. Related Parties (Cont.)

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 \$
Year ended 31 December 2020				
Other related parties	91,787	228,708	-	40,172
Total	91,787	228,708	-	40,172

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

Other significant balance with related parties

The Company has appointed an Investment Manager, Harper Bernays Limited, to manage its investment portfolio, which amounted to \$2,224,503 (2019: \$2,179,077) (refers to note 8). Mr Ronald Heinrich, director of the Company is also a director of Harper Bernays Limited. During the year ended 31 December 2020, the total fee payments to Harper Bernays Limited amounts to \$33,951 (2019: \$35,331).

Note 16. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (31 December 2019: None).

Note 17. Events after the end of the reporting period

No 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 18. 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
31 December 2020
DIRECTORS' DECLARATION

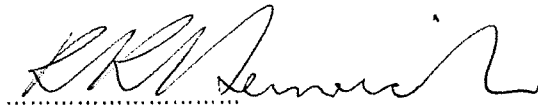
DIRECTORS' DECLARATION

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 2020 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



.....

Director

Date: 12 April 2021

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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 2020, 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 2020 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 2020; but does not include the financial report and the auditor's report thereon.

Other Information (continued)

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

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

If, based on the work we have performed, 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/ar4.pdf. This description forms part of our auditor's report.

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

Partner

Dated: 15 April 2021
Melbourne, Victoria



FarmLink Research Limited

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