Financial Report

FOR THE YEAR ENDED: 30 JUNE 2021

Rural Aid LIMITED
ABN: 29 605 783 597

FINANCIALS

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Financial Report

FOR THE YEAR ENDED: 30 JUNE 2021

Contents

DIRECTORS' REPORT

The directors present their report together with the financial report of Rural Aid Ltd (the 'company') for the year ended 30 June 2021 and auditor's report thereon.

Directors names

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

Alexander Hutton

Ben Pevreall

Trent Thorne

Barrie Adams

Sarah Hunter

Andrew Hall

Airlie Landale

Erica Halliday

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

Results

The operating deficit of the company for the year after providing for income tax amounted to $2,657,874 (2020: $3,975,993).

Review of operations

During the year ended 30 June 2021 Rural Aid dispersed over $8,865,792 in assistance to farmers and rural communities. This reflects the ongoing need for support in rural and regional Australia.

Successful fundraising campaigns and continued support from corporate partners and individuals resulted in another successful year. Despite ongoing challenges associated with COVID-19, Rural Aid's supporters provided $9,532,467 in donations during the year ended 30 June 2021. This indicates the commitment to providing support for Rural Aid's programs, which deliver meaningful and impactful results for farmers, their families and communities.

At year end $17,295,314 (2020: $19,953,188) of accumulated surplus was retained for future program commitments.

Impacts of COVID-19

COVID-19 continued to impact Rural Aid, particularly in delivering the Our Towns and Community programs, with limited staff and volunteer movement possible around the country.

Activities that were planned for Brewarrina and Coolah, NSW; Lockington, Victoria; and Ororoo, South Australia were postponed and have been rescheduled for next year. Work proceeded as planned in Monto, Alpha and Cunnamulla in Queensland; and Barraba and Walgett, NSW.

Rural Aid continued to deliver fodder, water, financial assistance and counselling. The Community Builder webinar series continued this financial year.

Staff continued working from home where required, with the appropriate, secure cloud-based IT systems supporting this model.

The impact of COVID-19 has been greatest felt in revenue, with reduced ability to hold face to face events and reduced donations from corporates and individuals. Across FY21 revenue was 69% less than the prior financial year.

DIRECTORS' REPORT

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

There were no other significant changes in the nature of the activities of the organisation during the year.

Short-term and long-term objectives and strategies

The organisation's short and long term objective is to ensure the sustainability of farming and rural communities before, during and after natural disasters. Rural Aid has adopted the following strategies to achieve this objective:

- Delivering two focused, scalable, cost effective programs that meet the needs of recipients;

- Ensuring our people has the skills and experience required to deliver the strategic priorities;

- Ensuring the long-term financial viability of the charity through stringent management of funds, meeting immediate needs & making provisions for future events;

- Developing and maintaining strong partnerships with appropriate stakeholders; and

- Implementing robust governance practices.

Principal activities

The principal activity of the company during the year was provide economic and empathetic assistance to farmers and rural communities impacted by natural disaster, by promoting its work to the broader community and partnering with key stakeholders to deliver meaningful outcomes.

No significant change in the nature of these activities occurred during the year.

After balance date events

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

Due to the high level of continuing uncertainty regarding the future impacts of COVID-19 on Rural Aid, we are unable to provide a reliable assessment on the impact it may have on future operations.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

DIRECTORS' REPORT

Information on directors

Alexander Hutton	Chairman
Qualifications	BEcon, DipBus(PropValuation), MBA
Experience	Alex is currently the Chief Executive Officer for Mackays – Australia's leading banana growers, and has over 30 years' experience in senior management roles across a range of industry sectors. His leadership positions have included Chief Executive Officer for St John Ambulance (Queensland); Senior Vice President, Comvita USA; General Manager, Comvita Australia; Chief Operating Officer, The Thompson Group; General Manager, Amcor Fibre Packaging QLD/NT; and National Sales Manager and General Manager – Northern Australia, Pivot Limited. Alex has been a non-executive director of several businesses including Combined Rural Traders, Olive Products Australia and Comvita Australia. He has also served on not-for-profit boards as a director and chair. His core competencies include company set-ups in new markets, organisational restructures, brand development and marketing, strategic planning, and the development and implementation of profit improvement plans. His qualifications include a Master of Business Administration, Bachelor of Economics and a Diploma of Business Property Economics.
Special responsibilities	Finance Investment and Audit Committee, Risk Committee
Barrie Adams	Deputy Chair
Qualifications	PSM, Fellow CPA
Experience	Barrie is a former Commissioner of the Australian Securities and Investments Commission (ASIC). Previous positions include Director of Corporate Development and Operations, Office of the Commissioner for Corporate Affairs, and South Pacific Audit Manager, Shell Group of Companies. Barrie has been an active member of CPA Australia and was a Director on the Board of CPA Australia for three years. Since leaving ASIC, he has held board positions for listed and unlisted public companies, and not-for-profit organisations operating in Australia and overseas. He continues to hold current board positions. Barrie is the chairman of four compliance committees and has delivered presentations on corporate governance and ethics and risk management, directors' duties, and corporate social responsibility.
Special responsibilities	Chair Finance Investment and Audit Committee, Fundraising Committee
Ben Pevreall	Director
Qualifications	BEng, MAICD
Experience	Ben is the Regional Vice President Asia Pacific for Valmont Industries, Inc., a corporation publicly traded on the New York Stock Exchange that produces infrastructure products to support and enrich growing economies around the world. Valmont leads the world in water management for irrigation that helps agricultural producers produce more from their land. Previously, Ben was Sales and Marketing Manager AUS/NZ/PNG/Pacific Islands for Husqvarna Group. He is a sales and marketing specialist with proven results in growing a business and building structure and supporting processes. Ben is renowned as a dynamic, entrepreneurial leader with a high level of commercial acumen, technical expertise and the uncanny ability to develop successful marketing and branding strategies which consistently deliver transformational changes in business.
Special responsibilities	Finance Investment and Audit Committee, Remuneration Nomination and Performance Committee

DIRECTORS' REPORT

Information on directors (Continued)

Trent Thorne	Director
Qualifications	BCom, LL.B. (Hons IIA), GradDipLegalPrac
Experience	Trent is the co-head of the McCullough Robertson Lawyers Food and Agribusiness group. He is recognised as a committed and passionate legal specialist for the agricultural sector. Trent has over 17 years' experience acting for food and agribusiness clients in a wide range of commercial matters, including complex commercial disputes, corporate & regulatory matters, negotiations, alternative dispute resolution and major pastoral property transactions. His skills in alternative dispute resolution, and as an advocate, are widely acknowledged. He has conducted international arbitrations, lengthy trials in Queensland and acted for major agribusiness entities, large property developers, multinational resource companies, major Government Owned Corporations and large corporate entities. Trent's experience also includes seeking urgent interlocutory injunctions, defending and prosecuting class actions and resolving licensing and regulatory disputes. He is a non-executive director on the board of the AAM Investment Group and his qualifications include a Bachelor of Laws (Hons) and Commerce (UQ).
Special responsibilities	Chair Risk Committee, Remuneration Nomination and Performance Committee
Sarah Hunter	Director
Qualifications	BScAgr, CPAg, MAICD, FIML
Experience	Sarah is a Director of the Veterinary Practitioners Board of NSW, Chair of Ag Institute Australia and committed to promoting the advancement of Australian agriculture and natural resource management. She delivers the Australian Government's Entrepreneurs' Programme as a Strengthening Business Facilitator. Formerly Commercial Director and Director of Commercial Excellence (SANZA Region) at Virbac, she was twice recognized during that time as a New South Wales Finalist for the Telstra Australian Business Women's (Corporate and Private) Awards. She has over 15 years' experience in animal health and agribusiness, with core competencies including organisational transformation, leadership through change, and the execution of commercial strategy.
Special responsibilities	Chair Remuneration Nomination and Performance Committee, Fundraising Committee
Andrew Hall	Director
Qualifications	BA (Journ&IntlRel), GAICD
Experience	Andrew is the Executive Director and CEO at the Insurance Council of Australia. His previous roles have included Executive General Manager, Corporate Affairs for Commonwealth Bank of Australia; Director Corporate and Public Affairs, Woolworths; Federal Director, National Party of Australia; and Media Adviser to the Hon Warren Truss (former Deputy Prime Minister of Australia). Andrew's expertise has been recognised with admission to the Arthur W. Page Society and inclusion in the International Top 50 Corporate Affairs Professionals list. He has also been acknowledged as one of the Top 50 Outstanding LGBTI Leaders in Australia for his work in leadership roles, diversity and equality campaigns. Andrew has extensive experience in governance, both in the corporate and not-for-profit sectors and currently serves on the board of Pankind – The Australia Pancreatic Cancer Foundation. Andrew was formerly a non-executive director of Equality Australia. He began his professional career as a journalist at the Grafton Daily Examiner where his passion for understanding and pursuing the needs of rural and regional Australia was ignited.
Special responsibilities	Chair Fundraising Committee, Risk Committee

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DIRECTORS' REPORT

Information on directors (Continued)

Erica Halliday	Director
Qualifications	BAgEc, Beef Production and Marketing Scholarship
Experience	Erica has worked in rural communities as a jillaroo, stud master, business facilitator, life coach, board member, businesswoman and most importantly (in her words) as a mother, wife, daughter and sister. As a fourth-generation cattle farmer, Erica understands the complexities and challenges of farming. After studying Agricultural Economics at the University of Sydney and Beef Production and Marketing on scholarship at The University of Illinois, Erica worked with Resource Consultancy Services to facilitate farm families to balance economics and finance with the land, animals and people. She has run Ben Nevis Angus in partnership with her husband since 2006 and manages genetics and marketing for the enterprise. Erica has held board positions with New England Girls School, and the Australian Beef Industry Foundation and was Chairman of Angus Australia's NSW State Committee. Her current appointments include Elected Vice-Chairman Angus Australia, Elected Member BREEDPLAN Advisory Committee - Meat and Livestock Australia and she is an appointed member to Namoi Unlimited Industry Steering Committee. Erica is a sought-after guest speaker and is a passionate advocate for both women in agriculture and the long-term sustainability of the family farm.
Special responsibilities	Finance Investment and Audit Committee

Airlie Landale	Director
Qualifications	BComm/BA(PolSc), MFRE
Experience	Airlie is the founder of Farm Table, a national online knowledge-sharing platform. She is highly experienced in business development, stakeholder engagement and management, technical development, event management, user experience, design and testing, agriculture research, and content development and dissemination. She holds qualifications in food and resource economics, commerce and political science. Airlie's previous roles include Business Analyst, Macquarie Bank's Paraway Pastoral Company Ltd; Drought Coordinator, Edward River Council; Researcher and Columnist, Food Tank Chicago; and Economics and Policy Senior Consultant, PricewaterhouseCoopers Melbourne. Airlie has also worked fulltime on her family's property in Holbrook, New South Wales. She was a member of the Industry Advisory Group for the Australian Government's Farm Cooperatives and Collaboration Pilot Program, and named 2016 Tomorrow Maker (AMP Foundation), 2015 RAS NSW Rural Young Achiever and 2015 Woolworths Agribusiness Scholar.
Special responsibilities	Fundraising Committee

DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings		Finance, Investment & Audit committee meetings		Risk committee meetings		Remuneration, Nomination & Performance committee meetings		Fundraising committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alexander Hutton	7	6	7	7	5	4	-	-	-	-
Ben Pevreall	7	7	7	6	-	-	6	6	-	-
Trent Thorne	7	7	-	-	5	5	6	5	-	-
Barrie Adams	7	7	7	7	-	-	-	-	6	6
Sarah Hunter	7	7	-	-	-	-	6	6	6	6
Andrew Hall	7	7	-	-	5	5	-	-	6	6
Airlie Landale	7	7	-	-	-	-	-	-	6	5
Erica Halliday	7	7	7	6	-	-	-	-	-	-

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 to a maximum of $10 each towards meeting any outstandings and obligations of the company. At 30 June 2021 the number of members was 8. The combined total amount that members of the company are liable to contribute if the company is wound up is $80.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

DIRECTORS' REPORT

Governance Process

The Board has a defined charter, handbook and documented practices to ensure effective and accountable decision making that supports Rural Aid's strategy and good corporate governance.

To assist in the execution of responsibilities, the Board has established a number of committees including Finance Investment & Audit Committee, Risk Committee, Remuneration Nomination & Performance Committee and the Fundraising Committee. The Board have written and approved charters for each committee, which are reviewed on an annual basis.

Finance, Investment & Audit Committee

The Finance, Investment & Audit Committee assists the Board to discharge its responsibility to manage the budgetary processes and strategic financial management of the organisation. In doing so the Finance, Investment & Audit Committee has responsibility for budgeting, investment management, external statutory and financial reporting, internal control framework, external audit, financial monitoring and policy development.

The Finance, Investment & Audit Committee comprised the following members during the financial year:

- Barrie Adams (Committee Chair)
- Alexander Hutton
- Ben Pevreall
- Erica Halliday

Risk Committee

The Risk Committee assists the Board to develop and maintain the risk management framework, including ensuring that identified risk are appropriately managed and mitigated. In doing so the Risk Committee has responsibility for the risk management framework, risk monitoring, emerging risk, compliance monitoring and policy development.

The Risk Committee comprised the following members during the financial year:

- Trent Thorne (Committee Chair)
- Alexander Hutton
- Andrew Hall

Remuneration, Nomination & Performance Committee

The Remuneration, Nomination & Performance Committee assists the Board by ensuring effective oversight of executive and employee performance. In doing so the Remuneration, Nomination & Performance Committee has responsibility for CEO oversight, employee performance, remuneration, talent and succession planning, human resources framework and policy development.

The Remuneration Nomination & Performance Committee comprised the following members during the financial year:

- Sarah Hunter (Committee Chair)
- Ben Pevreall
- Trent Thorne

DIRECTORS' REPORT

Fundraising Committee

The Fundraising Committee assists the Board by ensuring effective oversight of fundraising activities and corporate partnerships. In doing so the Fundraising Committee has responsibility for overseeing the identification and implementation of new fundraising initiatives and new corporate partnerships.

The Fundraising Committee comprised the following members during the financial year.

- Andrew Hall (Committee Chair)
- Sarah Hunter
- Airlie Landale
- Barrie Adams

Signed on behalf of the board of directors.

Director: AHutton.

Alexander Hutton

Dated this 25th. day of November. 2021

PITCHER PARTNERS

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Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Pitcher Partners

PITCHER PARTNERS

JASON EVANS
Partner

Brisbane, Queensland
25/11/21

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Revenue and other income			
Revenue	3	**9,693,581**	31,082,489
Interest income from financial instruments measured at amortised cost		**579,825**	251,009
Other income	4	**2,131,322**	396,250
		12,404,728	31,729,748
Less: expenses			
Direct program dispersals		**(8,865,792)**	(28,573,824)
Administration expenses		**(3,886,822)**	(4,727,552)
Fundraising costs		**(874,223)**	(1,136,123)
Occupancy expenses		**(47,599)**	(29,820)
Borrowing costs	5	**(6,683)**	(10,622)
Other expenses		**(1,381,483)**	(1,227,800)
		(15,062,602)	(35,705,741)
Operating deficit for the year		**(2,657,874)**	(3,975,993)
Other comprehensive income for the year		**-**	-
Total comprehensive income		**(2,657,874)**	(3,975,993)

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	6	**8,414,213**	14,454,589
Receivables	7	**328,171**	529,001
Inventories	8	**97,115**	2,352,206
Other assets	10	**276,877**	516,069
Total current assets		**9,116,376**	17,851,865
Non-current assets			
Financial assets	9	**9,099,955**	3,931,474
Property, plant and equipment	11	**541,507**	700,173
Intangible assets	12	**4,002**	26,274
Right-of-use assets	13	**128,647**	255,925
Total non-current assets		**9,774,111**	4,913,846
Total assets		**18,890,487**	22,765,711
Current liabilities			
Payables	14	**776,814**	2,007,003
Lease liabilities	13	**130,267**	114,084
Provisions	15	**180,303**	148,124
Contract liabilities	16	**501,024**	414,320
Total current liabilities		**1,588,408**	2,683,531
Non-current liabilities			
Lease liabilities	13	**6,765**	128,992
Total non-current liabilities		**6,765**	128,992
Total liabilities		**1,595,173**	2,812,523
Net assets		**17,295,314**	19,953,188
Equity			
Accumulated surplus		**17,295,314**	19,953,188
Total equity		**17,295,314**	19,953,188

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated surplus $	Total equity $
Balance as at 1 July 2019	23,929,181	23,929,181
Operating deficit for the year	(3,975,993)	(3,975,993)
Total comprehensive income for the year	(3,975,993)	(3,975,993)
Balance as at 30 June 2020	19,953,188	19,953,188
Balance as at 1 July 2020	**19,953,188**	**19,953,188**
Operating deficit for the year	**(2,657,874)**	**(2,657,874)**
Total comprehensive income for the year	**(2,657,874)**	**(2,657,874)**
Balance as at 30 June 2021	**17,295,314**	**17,295,314**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Cash flow from operating activities			
Receipts from donations, bequests and raffles		**10,617,262**	32,201,101
Payments to suppliers and employees		**(14,260,666)**	(37,251,395)
Interest received		**579,825**	251,009
Finance costs		**(6,683)**	(10,622)
Government subsidies and grants		**1,000,564**	366,610
Net cash used in operating activities	20(b)	**(2,069,698)**	(4,443,297)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**52,272**	-
Payment for property, plant and equipment		**(43,113)**	(112,830)
Net proceeds / (payment) for other financial assets		**(3,886,996)**	11,053,456
Payment for intangibles		**-**	(10,900)
Net cash provided by / (used in) investing activities		**(3,877,837)**	10,929,726
Cash flow from financing activities			
Principal portion of lease payments		**(92,841)**	(129,613)
Net proceeds / (payments) of loans to related parties		**-**	44,133
Net cash used in financing activities		**(92,841)**	(85,480)
Reconciliation of cash			
Cash at beginning of the financial year		**14,454,589**	8,053,640
Net increase / (decrease) in cash held		**(6,040,376)**	6,400,949
Cash at end of financial year	20(a)	**8,414,213**	14,454,589

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Rural Aid Ltd as an individual entity. Rural Aid Ltd is a company limited by guarantee, incorporated and domiciled in Australia. Rural Aid Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Revenue recognition

The company derives revenue from sale of goods, donations, sponsorship and government subsidies and grants. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Revenue from the sale of goods

Revenue from the sale of goods comprises revenue derived from the sale of goods purchased for resale and goods donated for resale. Revenue is recognised at the point in time when control of the goods is transferred to the customer, which generally occurs at the time the goods are purchased by customers from the Company.

Revenue from donations

Donations are recognised at the time the pledge is made.

Revenue from sponsorship and government subsidies and grants

Sponsorship and government subsidies and grants is recognised in the profit or loss when the company satisfies the performance obligations stated within the funding agreements. If conditions are attached which must be satisfied before the company is eligible to retain the contribution, the sponsorship or government subsidy and grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the company's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the company for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers, contract assets and lease receivables.

The company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the company determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

The company consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The company considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade'' credit rating (if available) of BBB or higher, or otherwise is assessed by the company to have a strong financial position and no history of past due amounts from previous transactions with the company.

The company assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The company determines expected credit losses using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The company has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the company's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the company applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the company's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the company's exposure at default, discounted at the financial asset’s original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;

(b) breach of contract;

(c) the lender, for economic or contractual reasons relating to the borrower’s financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the company has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the company. Recoveries, if any, are recognised in profit or loss.

(e) Inventories

Inventories held for distribution at no or nominal consideration are measured at lower of cost and current replacement cost.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost. Where plant and equipment was acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	Lease term	Straight line
Plant and equipment at cost	5% to 20%	Straight line
Motor vehicles at cost	12.5% to 20%	Straight line
Office equipment at cost	7% to 50%	Straight line
Furniture, fixtures and fittings at cost	5% to 50%	Straight line

(g) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (Continued)

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The company makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The company's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(i) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the company, and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the company’s incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Goods and services tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

AASB 1060: General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (applicable for annual reporting periods commencing on or after 1 July 2021)

AASB 1060 sets out a new, separate disclosure standard to be applied by all entities that are preparing general purpose financial statements and elect to apply the Tier 2 reporting requirements under AASB 1053 *Application of Tiers of Australian Accounting Standards*. This standard will replace the current Reduced Disclosure Regime framework and will only impact disclosures and not recognition and measurement requirements of the entity.

AASB 1060 mandatorily applies to annual reporting periods commencing on or after 1 July 2021 and will be first applied by the company in the financial year commencing 1 July 2021.

The directors of the company has not yet determined the likely impact of the initial application of this standard on its financial statements.

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods	**-**	182,112
Sponsorship	**-**	6,091
Donations	**9,532,467**	30,761,676
Government Subsidies and Grants	**161,114**	132,610
	9,693,581	31,082,489

NOTE 4: OTHER INCOME

Gain on fair value of investments	**1,281,485**	-
Profit on sale of property, plant and equipment	**2,562**	-
Waived rent - COVID-19 relief	**7,825**	-
JobKeeper	**801,950**	333,750
Cash Flow Boost	**37,500**	62,500
	2,131,322	396,250

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 $	2020 $
NOTE 5: OPERATING PROFIT		
Profit before income tax has been determined after:		
Net gain on disposal of non-current assets:		
- Profit on sale of property, plant and equipment	**2,562**	-
Expenses by nature		
Finance costs		
- Other	**6,683**	10,622
Depreciation and amortisation	**296,241**	314,628
Bad and doubtful debts	**203,904**	43,256
Employee benefits	**3,106,455**	3,562,541
Other (gains) / losses		
(Gain)/loss on fair value adjustments	**(1,281,485)**	15,070

NOTE 6: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash on hand	**-**	1,200
Cash at bank	**3,681,275**	8,166,239
Cash on deposit	**4,732,938**	6,287,150
	8,414,213	14,454,589

NOTE 7: RECEIVABLES

	2021 $	2020 $
CURRENT		
Trade receivables	**131,029**	4,873
Other receivables		
- GST Input Credits	**61,760**	294,496
- Other receivables	**135,382**	229,632
	197,142	524,128
	328,171	529,001

NOTE 8: INVENTORIES

	2021 $	2020 $
CURRENT		
At cost		
Fodder	**97,115**	2,265,226
Finished goods	**-**	86,980
	97,115	2,352,206

FINANCIALS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 $	2020 $
NOTE 9: FINANCIAL ASSETS		
NON CURRENT		
Financial assets at fair value through profit or loss		
Investment portfolio	**9,099,955**	3,931,474

All financial assets at fair value through profit or loss are held for trading.

NOTE 10: OTHER ASSETS

	2021 $	2020 $
CURRENT		
Prepayments	**208,014**	447,206
Other current assets	**68,863**	68,863
	276,877	516,069

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
Leasehold improvements		
At cost	**79,373**	79,373
Accumulated depreciation	**(51,689)**	(27,209)
	27,684	52,164
Plant and equipment		
Plant and equipment at cost	**59,286**	59,286
Accumulated depreciation	**(32,556)**	(22,318)
	26,730	36,968
Motor vehicles at cost	**603,405**	724,928
Accumulated depreciation	**(191,903)**	(180,118)
	411,502	544,810
Office equipment at cost	**147,628**	106,462
Accumulated depreciation	**(80,839)**	(52,074)
	66,789	54,388
Furniture, fixtures and fittings at cost	**16,908**	16,908
Accumulated depreciation	**(8,106)**	(5,065)
	8,802	11,843
Total plant and equipment	**513,823**	648,009
Total property, plant and equipment	**541,507**	700,173

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2021 $	2020 $
Leasehold improvements		
Opening carrying amount	**52,164**	26,250
Additions	**-**	48,503
Depreciation expense	**(24,480)**	(22,589)
Closing carrying amount	**27,684**	52,164
Plant and equipment		
Opening carrying amount	**36,968**	32,599
Additions	**-**	17,783
Disposals	**-**	(1,687)
Depreciation expense	**(10,238)**	(11,727)
Closing carrying amount	**26,730**	36,968
Motor vehicles		
Opening carrying amount	**544,810**	625,719
Additions	**-**	19,313
Disposals	**(49,490)**	-
Depreciation expense	**(83,818)**	(100,222)
Closing carrying amount	**411,502**	544,810
Office equipment		
Opening carrying amount	**54,388**	62,905
Additions	**43,113**	22,646
Disposals	**(220)**	(1,952)
Depreciation expense	**(30,492)**	(29,211)
Closing carrying amount	**66,789**	54,388
Furniture, fixtures and fittings		
Opening carrying amount	**11,843**	14,052
Additions	**-**	4,585
Disposals	**-**	(2,067)
Depreciation expense	**(3,041)**	(4,727)
Closing carrying amount	**8,802**	11,843

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 $	2020 $
NOTE 12: INTANGIBLE ASSETS		
Trademarks and licences at cost	**56,355**	56,355
Accumulated amortisation and impairment	**(52,353)**	(30,081)
	4,002	26,274

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2021 $	2020 $
Trademarks and licences at cost		
Opening balance	**26,274**	36,937
Additions	**-**	10,900
Amortisation expense	**(22,272)**	(21,563)
Closing balance	**4,002**	26,274

Amortisation expense in relation to intangible assets has been recognised in other expenses within profit or loss.

NOTE 13: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	2021 $	2020 $
Buildings		
Premises under lease	**353,321**	361,390
Accumulated depreciation	**(235,547)**	(120,464)
	117,774	240,926
Office equipment		
Office equipment under lease	**19,125**	19,125
Accumulated depreciation	**(8,252)**	(4,126)
	10,873	14,999
Total carrying amount of right-of-use assets	**128,647**	255,925

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

	2021 $	2020 $
Buildings		
Opening carrying amount	**240,926**	-
Initial adoption	**-**	361,390
Depreciation	**(117,774)**	(120,464)
Change in value	**(5,378)**	-
Closing carrying amount	**117,774**	240,926
Office equipment		
Opening carrying amount	**14,999**	-
Initial adoption	**-**	19,125
Depreciation	**(4,126)**	(4,126)
Closing carrying amount	**10,873**	14,999

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

CURRENT		
Buildings	**126,381**	109,966
Office equipment	**3,886**	4,118
	130,267	114,084
NON CURRENT		
Buildings	**-**	117,958
Office equipment	**6,765**	11,034
	6,765	128,992
Total carrying amount of lease liabilities	**137,032**	243,076

(c) Lease expenses and cashflows

Interest expense on lease liabilities	**6,683**	10,622
Gains recognised in profit or loss to reflect changes in lease payments arising from rent concessions occurring as a direct consequence of the Covid-19 pandemic	**7,825**	7,825
Depreciation expense on right-of-use assets	**121,900**	124,590
Cash outflow in relation to leases	**97,362**	111,354

NOTE 14: PAYABLES

CURRENT		
Unsecured liabilities		
Trade creditors	**155,133**	158,424
Sundry creditors and accruals	**621,681**	1,848,579
	776,814	2,007,003

NOTE 15: PROVISIONS

CURRENT		
Annual leave	**171,911**	145,993
Long service leave	**8,392**	2,131
	180,303	148,124

NOTE 16: CONTRACT LIABILITIES

CURRENT		
Revenue received in advance	**501,024**	414,320

NOTE 17: 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 to a maximum of $10 each towards meeting any outstandings and obligations of the company. At 30 June 2021 the number of members was 8. The combined total amount that members of the company are liable to contribute if the company is wound up is $80.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: KEY MANAGEMENT PERSONNEL COMPENSATION

	2021 $	2020 $
Total compensation received by key management personnel of the company	**891,624**	741,852
Total compensation received by directors of the company	**200,385**	-
	1,092,009	741,852

During the current year, Director Fees were paid and have been disclosed separately to key management personnel.

NOTE 19: RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

	2021 $	2020 $
Consultancy	**-**	132,375
IT security services	**198,000**	79,500
Trademarks and licences	**-**	10,000

A Director of Rural Aid was also a Director of a supplier of IT security services to Rural Aid during the financial year. Rural Aid's relationship with the supplier commenced prior to the director being appointed to the Rural Aid Board. The Director does not participate in Board decision making with regards to this supplier.

Through a consultancy arrangement in the prior year, one director was engaged as Interim CEO and to undertake a number of program and organisational reviews. As the recruitment process for a new CEO had commenced, the appointment of an interim CEO was considered for a short period and essential to ensure continuity in implementing the Board strategy and plan. The Director appointed did not participate in the vote on the resolution to appoint them as the interim CEO. A CEO was appointed in February 2020 and the arrangement is no longer in place.

During the prior year, the main 1300 telephone number of Rural Aid was purchased from a related party which was under external administration. The purchase price and terms were determined on an arm's length basis, with the purchase through an independent third party. The asset purchased was considered a significant asset of the organisation due to its public communication to donors and beneficiaries as a key contact method. In the previous year, the domain name www.buyabale.com.au was purchased from a related party which was under external administration. The purchase price and terms were determined on an arm's length basis.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: CASH FLOW INFORMATION

(a) Reconciliation of cash

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

	2021 $	2020 $
Cash on hand	**-**	1,200
Cash at bank	**3,681,275**	8,166,239
At call deposits with financial institutions	**4,732,938**	6,287,150
	8,414,213	14,454,589

(b) Reconciliation of cash flow from operations with profit after income tax

	2021 $	2020 $
Profit / (loss) from ordinary activities after income tax	**(2,657,874)**	(3,975,993)
Adjustments and non-cash items		
Depreciation and amortisation	**296,241**	314,628
Net (gain) / loss on disposal of property, plant and equipment	**(2,562)**	5,707
Fair value (gain) / loss on financial instruments	**(1,281,485)**	15,070
Waived rent - COVID-19 relief	**(7,825)**	(7,826)
Bad debt expense	**203,904**	43,256
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	**200,830**	249,194
(Increase) / decrease in other assets	**239,192**	(203,676)
(Increase) / decrease in inventories	**2,051,187**	(2,081,445)
Increase / (decrease) in payables	**(1,230,189)**	733,987
Increase / (decrease) in other liabilities	**86,704**	414,320
Increase / (decrease) in provisions	**32,179**	49,481
Cash flows from operating activities	**(2,069,698)**	(4,443,297)

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2021, of the company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2021, of the company.

DIRECTORS' DECLARATION

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: AHutton.

Alexander Hutton

Dated this 25th. day of November. 2021

PITCHER PARTNERS

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Independent Auditor's Report to the Members of Rural Aid Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rural Aid Ltd (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the financial report of Rural Aid Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Registered Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our 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.

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 Responsible Entities and Those Charged with Governance for the Financial Report.

The responsible entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

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 [my] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pitcher Partners

PITCHER PARTNERS

J Evans

JASON EVANS
Partner

Brisbane, Queensland

25/11/21

Rural Aid Limited

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