

# **Rural Aid Ltd**

**ABN: 29 605 783 597**

## **Financial report**

**For the year ended 30 June 2019**

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**DIRECTORS' REPORT**

The directors present their report together with the financial report of Rural Aid Ltd for the year ended 30 June 2019 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:

Charles Alder (resigned 11 July 2019)

Tracy Alder (resigned 11 July 2019)

Sandra Lynch (resigned 11 July 2019)

Mark Creswell (resigned 9 July 2019)

Zelina Turner (resigned 10 July 2019)

Alexander Hutton (appointed 11 July 2019)

Ben Pevreal (appointed 11 July 2019)

John Cotter AM (appointed 11 July 2019)

Trent Thorne (appointed 11 July 2019)

Barrie Adams (appointed 11 July 2019)

Sarah Hunter (appointed 11 July 2019)

Andrew Hall (appointed 11 July 2019)

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

**Results**

The surplus of the company for the year after providing for income tax amounted to \$23,094,276 (2018: \$757,620).

**Review of operations**

During the year ended 30 June 2019, total revenue of Rural Aid increased by 2,606% compared to prior period. Significant success in fundraising through the Buy a Bale campaign and support from corporate partners resulted in significantly higher donation revenue compared to the prior year.

For the year end 30 June 2019 the organisation made an operating surplus of \$23,094,276 (2018: 757,620).

At year end \$23,929,181 (2018: \$834,906) of accumulated surplus was retained for future program commitments.

**Significant changes in state of affairs**

Significant changes in the state of affairs of the company during the financial year, were as follows:

During the financial year, the success of fundraising campaigns resulted in an 2,472% increase in the organisations donation revenue. The increased revenue allowed Rural Aid to support a larger number of farmers and rural communities through increased programs activity.

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

## DIRECTORS' REPORT

### Short-term and long-term objectives and strategies

The organisations short and long-term objective is to ensure the sustainability of farming and rural communities both 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 have 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
- 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

Particulars of matters or circumstances that 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 are as follows:

On the 11th July 2019 a new Board was appointed. Since formation, the Board has developed a new strategic plan to focus the organisation on key objectives related to the principal activities. During this planning phase the Founder and CEO of Rural Aid, Charles Alder, agreed with the Board that it was time for a new CEO to lead the organisation on its new journey. The Board is currently in the process of recruiting a new CEO and working with Charles on a new opportunity for him within Rural Aid.

### 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.

DIRECTORS' REPORT

Information on directors

**Alexander Hutton**

Qualifications

Experience

Chairman (appointed 11 July 2019)

BEcon, DipBus(PropValuation), MBA

Alex Hutton is currently the CEO of St.John Ambulance (Queensland). Alex has 30 years of senior management positions across a range of industry sectors including; Senior Vice President of Comvita USA, General Manager of Comvita Australia, Chief Operating Officer, The Thompson Group, General Manager Amcor Fibre Packaging Qld/NT and General Manager Northern Australia and National Sales Manager of Pivot Limited. Alex has been a non-executive Director of a number of businesses including Combined Rural Traders, Olive Products Australia and Comvita Australia. He has also served on NFP 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.

Special responsibilities

Chair Remuneration and Performance Committee, Finance and Audit Committee

**Ben Pevreall**

Qualifications

Experience

Director (appointed 11 July 2019)

BEng

Ben is presently the Regional Vice President Asia Pacific for Valmont Industries, Inc (VMI), a corporation publicly traded on the NYSE 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 – Husqvarna Group. Ben is a Sales and marketing specialist with proven results in growing a business and building structure and process. He is renowned as a dynamic, entrepreneurial leader with a high level of commercial acumen, technical expertise and uncanny ability to develop successful marketing and branding strategies which consistently deliver transformational changes in business.

Special responsibilities

Finance and Audit Committee, Remuneration and Performance Committee

**John Cotter AM**

Qualifications

Experience

Director (appointed 11 July 2019)

John is a former Chairman of the Queensland Gasfields Commission and former President of AgForce (Queensland's peak farming organisation). He has over 40 years of providing leadership and high-level negotiation skills across all levels of government, public institutions and within the private sector, facilitating equitable solutions for many diverse issues. John is a business owner and beef producer in the South Burnett Region of South East Queensland, supplying product for both export and domestic markets. He has filled numerous positions on state and national boards, advisory councils and groups, with a particular focus on economic growth and sustainability for rural and regional areas. John has been on the Board of the Queensland Fire and Rescue Authority and on the Emergency Services Ministerial Advisory Council. He has been recognised for his professional, public and community achievements with the; Member of Order of Australia AM; Diligent and Ethical Service Medal (DESM); National Medal; Centenary Medal; Telstra Advance Australia Award and the Australia Day Citizen of the Year Award.

Special responsibilities

Remuneration and Performance Committee

DIRECTORS' REPORT

Information on directors (Continued)

<b>Trent Thorne</b>	Director (appointed 11 July 2019)
Qualifications	BCom, LL.B. (Hons IIA), GradDipLegalPrac
Experience	Trent is a co-leader of McCullough Robertson lawyers Food and Agribusiness group. He is recognised as a committed and passionate legal specialist for the agricultural sector. Trent has over 14 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. Trent has provided advice to clients across a range of industries.
Special responsibilities	Chair Risk Committee
<b>Barrie Adams</b>	Deputy Chair (appointed 11 July 2019)
Qualifications	Fellow CPA, PSM
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 3 years. Since leaving ASIC, he has held board positions on listed and unlisted public companies and not for profit companies operating in Australia and overseas. He continues to hold 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 and Audit Committee
<b>Sarah Hunter</b>	Director (appointed 11 July 2019)
Qualifications	BScAgr, CPAg, MAICD, FIML
Experience	Sarah has twice been a NSW Finalist in the Telstra Business Women's Awards (Corporate & Private – 2016 and 2017). She is a Director, Company Secretary and Chair of the Membership Committee of Ag Institute Australia, committed to promoting the advancement of Australian agriculture and natural resource management. Sarah is a specialist in the animal health, agriculture and veterinary industries and the former Commercial Director and Director of Commercial Excellence (SANZA Region) at Virbac. Her core competencies include organisational transformation; leadership through volatility and change; commercial acumen; risk mitigation and the execution of commercial strategy. She is also a volunteer mentor in The University of Sydney Women's Mentoring Program and the Institute of Managers and Leaders Member Exchange.
Special responsibilities	Risk Committee, Remuneration and Performance Committee

DIRECTORS' REPORT

Information on directors (Continued)

<b>Andrew Hall</b>	Director (appointed 11 July 2019)
Qualifications	BA (Journ&IntlRel), GAICD
Experience	Andrew is currently the Executive General Manager Corporate Affairs at the Commonwealth Bank of Australia responsible for all external affairs, internal communications, government relations and corporate social responsibility. Previous positions held include; 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). His expertise and standing in the corporate affairs profession has been recognised with admission to the Arthur W. Page Society, recognition in the International Top 50 Corporate Affairs Professionals (Salt & Shein 2014) and in the inaugural award of Top 50 Outstanding LGBTI Leaders in Australia (Deloitte 2016) for his work in leadership roles, diversity and equality campaigns. He has extensive experience in governance, both in the corporate and not for profit sectors. He currently serves on the boards of The Avner Pancreatic Cancer Foundation and Equality Australia. He started his professional career as a journalist at the Grafton Daily Examiner in 1994, where his passion for understanding and pursuing the needs of rural and regional Australia was ignited.
Special responsibilities	Risk Committee, Remuneration and Performance Committee
<b>Charles Alder</b>	Chairman (resigned 11 July 2019)
Experience	Charles is a Co-Founder of Rural Aid Ltd and was a Director for the full financial year.
<b>Tracy Alder</b>	Director (resigned 11 July 2019)
Qualifications	J P (Qual)
Experience	Tracy is a Co-Founder of Rural Aid Ltd and was a Director for the full financial year.
<b>Sandra Lynch</b>	Director (resigned 11 July 2019)
Experience	Sandra has been a Director of Rural Aid Ltd since the charity commenced and was a Director for the full financial year.
<b>Mark Creswell</b>	Director (resigned 9 July 2019)
Experience	Mark has been a Director of Rural Aid Ltd since the charity commenced and was a Director for the full financial year.
<b>Zelina Turner</b>	Director (resigned 10 July 2019)
Experience	Zelina has been a Director of Rural Aid Ltd since the charity commenced and was a Director for the full financial year.

DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Charles Alder	5	5
Tracy Alder	7	7
Sandra Lynch	7	7
Mark Creswell	7	4
Zelina Turner	7	4

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 2019 the number of members was 5. The combined total amount that members of the company are liable to contribute if the company is wound up is \$50.

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.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

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.

Signed in accordance with a resolution of the board of directors.

Director: \_\_\_\_\_



Dated this

28<sup>th</sup> day of November

2019





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The Directors  
Rural Aid Ltd  
8 Colebard Street  
Acacia Ridge QLD 4110

### Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

PITCHER PARTNERS

  
JASON EVANS  
Partner

Brisbane, Queensland  
28 November 2019

**Brisbane Sydney Newcastle Melbourne Adelaide Perth**

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NIGEL FISCHER | PETER GAMBIZZI | IAN JONES | NORMAN THURDECH | WARWICK FACE | CODE WILKINSON | JEREMY JONES | JAMES FIELD | ROBYN COOPER

**RURAL AID LTD**  
**ABN: 29 605 783 597**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Revenue and other income</b>			
Revenue	2	60,337,954	2,242,527
Interest income from financial instruments measured at amortised cost		<u>346,590</u>	<u>-</u>
		<u>60,684,544</u>	<u>2,242,527</u>
<b>Less: expenses</b>			
Direct program dispersals		(31,631,773)	(359,664)
Fundraising costs		(1,784,661)	(220,180)
Administration costs		(3,150,224)	(639,317)
Occupancy expenses		(74,961)	(54,545)
Other expenses		<u>(948,650)</u>	<u>(211,201)</u>
		<u>(37,590,269)</u>	<u>(1,484,907)</u>
<b>Surplus before income tax expense</b>		23,094,275	757,620
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>23,094,275</u>	<u>757,620</u>

The accompanying notes form part of these financial statements.

**RURAL AID LTD**  
**ABN: 29 605 783 597**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	4	8,053,640	680,646
Receivables	5	865,584	131,560
Inventories	6	270,761	28,395
Other financial assets	7	15,000,000	-
Other assets	8	<u>312,393</u>	<u>17,160</u>
<b>Total current assets</b>		<u>24,502,378</u>	<u>857,761</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	761,525	217,558
Intangible assets	10	<u>36,937</u>	<u>-</u>
<b>Total non-current assets</b>		<u>798,462</u>	<u>217,558</u>
<b>Total assets</b>		<u>25,300,840</u>	<u>1,075,319</u>
<b>Current liabilities</b>			
Payables	11	1,273,016	167,256
Provisions	12	<u>98,643</u>	<u>73,157</u>
<b>Total current liabilities</b>		<u>1,371,659</u>	<u>240,413</u>
<b>Total liabilities</b>		<u>1,371,659</u>	<u>240,413</u>
<b>Net assets</b>		<u>23,929,181</u>	<u>834,906</u>
<b>Equity</b>			
Undispersed Funds	13	<u>23,929,181</u>	<u>834,906</u>
<b>Total equity</b>		<u>23,929,181</u>	<u>834,906</u>

The accompanying notes form part of these financial statements.

RURAL AID LTD  
ABN: 29 605 783 597

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus \$	Total equity \$
Balance as at 1 July 2017	77,286	77,286
Surplus for the year	<u>757,620</u>	<u>757,620</u>
<b>Total comprehensive income for the year</b>	<u><u>757,620</u></u>	<u><u>757,620</u></u>
Balance as at 1 July 2018	834,906	834,906
Surplus for the year	<u>23,094,275</u>	<u>23,094,276</u>
<b>Total comprehensive income for the year</b>	<u><u>23,094,275</u></u>	<u><u>23,094,276</u></u>
Balance as at 30 June 2019	<u><u>23,929,181</u></u>	<u><u>23,929,181</u></u>

The accompanying notes form part of these financial statements.

**RURAL AID LTD**  
**ABN: 29 605 783 597**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		\$	\$
<b>Cash flow from operating activities</b>			
Receipts from donations, bequests and raffles		54,083,687	1,915,774
Payments to suppliers and employees		(37,408,339)	(1,417,234)
Interest received		346,590	-
Finance costs		-	(2,906)
Government subsidies and grants		<u>6,074,535</u>	<u>294,898</u>
<b>Net cash provided by operating activities</b>		<u><b>23,096,473</b></u>	<u><b>790,532</b></u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		4,426	-
Payment for property, plant and equipment		(638,317)	(160,381)
Payment for other financial assets		(15,000,000)	-
Payment for intangibles		<u>(45,455)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u><b>(15,679,346)</b></u>	<u><b>(160,381)</b></u>
<b>Cash flow from financing activities</b>			
Payment of loans to related parties	15(a)	<u>(44,133)</u>	<u>-</u>
<b>Net cash used in financing activities</b>		<u><b>(44,133)</b></u>	<u><b>-</b></u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		680,646	50,495
Net increase in cash held		<u>7,372,994</u>	<u>630,151</u>
<b>Cash at end of financial year</b>	16(a)	<u><b>8,053,640</b></u>	<u><b>680,646</b></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**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 shares, 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**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

A non-reciprocal contribution or grant is recognised when the entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity, and the amount of the contribution or grant can be measured reliably.

A non-reciprocal donation is recognised when the right to receive a donation has been established.

**(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*.

**(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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Financial instruments (Continued)**

*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 and contract assets.

The company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the company determines the allowance for credit losses for receivables from contracts with customers and contract assets 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.

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 counter party 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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Financial instruments (Continued)**

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 sale are measured at the lower of cost and net realisable value.

**(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.



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(f) Property, plant and equipment (Continued)**

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.

*(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) 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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Comparatives**

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

**(j) New and revised accounting standards effective at 30 June 2019**

The company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9: *Financial Instruments* (AASB 9).

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

In accordance with the transition requirements of AASB 9, the company has elected to apply AASB 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017). The company has also applied to consequential amendments to AASB 7: *Financial Instruments: Disclosure* to the disclosure of information about the company's financial instruments for the current financial year, and the comparative reporting period.

The application of AASB 9 has not materially impacted the classification and measurement of the company's financial assets and financial liabilities.

Further details of the company's accounting policies in relation to accounting for financial instruments under AASB 9 are contained in note 1(d).

**NOTE 2: REVENUE**

Sale of goods	111,304	42,939
Sponsorship	42,245	-
Donations	54,109,870	2,104,123
Government Subsidies and Grants	<u>6,074,535</u>	<u>95,465</u>
	<u>60,337,954</u>	<u>2,242,527</u>

**RURAL AID LTD**  
**ABN: 29 605 783 597**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3: OPERATING SURPLUS</b>		
Surplus before income tax has been determined after:		
Direct program dispersals	31,625,329	359,664
Depreciation and amortisation	98,442	25,618
Bad and doubtful debts	45,777	-
Employee benefits	2,011,432	514,512
Loss on disposal of non-current assets	4,426	-
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	-	131
Cash at bank	2,999,973	680,515
Other cash	<u>143,817</u>	<u>547</u>
	<u><u>8,053,640</u></u>	<u><u>680,646</u></u>
<b>NOTE 5: RECEIVABLES</b>		
CURRENT		
Receivables	182,019	31,361
Other receivables	639,432	100,199
Amounts receivable from:		
- directors	20,000	-
- director related parties	<u>24,133</u>	<u>-</u>
	<u><u>865,584</u></u>	<u><u>131,560</u></u>
<b>NOTE 6: INVENTORIES</b>		
CURRENT		
<i>At cost</i>		
Finished goods	<u>270,761</u>	<u>28,395</u>
<b>NOTE 7: OTHER FINANCIAL ASSETS</b>		
CURRENT		
Term deposit measured at amortised cost	<u>15,000,000</u>	<u>-</u>
<b>NOTE 8: OTHER ASSETS</b>		
CURRENT		
Prepayments	<u>312,393</u>	<u>17,160</u>

NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Leasehold improvements</b>		
At cost	30,870	-
Accumulated depreciation	<u>(4,620)</u>	<u>-</u>
	<u>26,250</u>	<u>-</u>
<b>Plant and equipment</b>		
Plant and equipment at cost	47,694	23,541
Accumulated depreciation	<u>(15,095)</u>	<u>(7,552)</u>
	32,599	15,989
Motor vehicles at cost	705,615	191,381
Accumulated depreciation	<u>(79,896)</u>	<u>(24,301)</u>
	625,719	167,080
Office equipment at cost	96,656	47,298
Accumulated depreciation	<u>(33,751)</u>	<u>(20,593)</u>
	62,905	26,705
Furniture, fixtures and fittings at cost	24,870	14,908
Accumulated depreciation	<u>(10,818)</u>	<u>(7,124)</u>
	14,052	7,784
Total plant and equipment	<u>735,275</u>	<u>217,558</u>
Total property, plant and equipment	<u>761,525</u>	<u>217,558</u>

**(a) Reconciliations**

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

<i>Leasehold improvements</i>		
Opening carrying amount	-	-
Additions	30,870	-
Depreciation expense	<u>(4,620)</u>	<u>-</u>
Closing carrying amount	<u>26,250</u>	<u>-</u>
<i>Plant and equipment</i>		
Opening carrying amount	15,989	11,120
Additions	24,153	8,255
Depreciation expense	<u>(7,543)</u>	<u>(3,386)</u>
Closing carrying amount	<u>32,599</u>	<u>15,989</u>
<i>Motor vehicles</i>		
Opening carrying amount	167,080	36,311
Additions	514,234	142,046
Depreciation expense	<u>(55,595)</u>	<u>(11,277)</u>
Closing carrying amount	<u>625,719</u>	<u>167,080</u>

RURAL AID LTD  
ABN: 29 605 783 597

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Office equipment</i>		
Opening carrying amount	26,705	25,680
Additions	59,098	9,453
Disposals	(4,426)	-
Depreciation expense	(18,472)	(8,428)
Closing carrying amount	<u>62,905</u>	<u>26,705</u>
 <i>Furniture, fixtures and fittings</i>		
Opening carrying amount	7,784	9,684
Additions	9,962	627
Depreciation expense	(3,694)	(2,527)
Closing carrying amount	<u>14,052</u>	<u>7,784</u>

**NOTE 10: INTANGIBLE ASSETS**

Trademarks and licences at cost	45,455	-
Accumulated amortisation and impairment	(8,518)	-
	<u>36,937</u>	<u>-</u>

**(a) Reconciliations**

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

<i>Trademarks and licences at cost</i>		
Opening balance	-	-
Additions	45,455	-
Amortisation expense	(8,518)	-
Closing balance	<u>36,937</u>	<u>-</u>

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

NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
<b>NOTE 11: PAYABLES</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	964,596	43,726
Sundry creditors and accruals	308,420	123,530
	<u>1,273,016</u>	<u>167,256</u>
<b>NOTE 12: PROVISIONS</b>		
CURRENT		
Employee benefits	<u>98,643</u>	<u>73,157</u>
<b>NOTE 13: ACCUMULATED SURPLUS</b>		
Accumulated surplus at beginning of year	834,906	77,286
Net surplus	<u>23,094,275</u>	<u>757,620</u>
	<u>23,929,181</u>	<u>834,906</u>

**NOTE 14: 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 2019 the number of members was 5. The combined total amount that members of the company are liable to contribute if the company is wound up is \$50.

**NOTE 15: RELATED PARTY TRANSACTIONS**

**(a) Transactions with key management personnel of the entity or its parent and their personally related entities**

Employee salaries	250,211	122,689
Consultancy	40,000	72,012
Lease for office premises	72,703	54,545
Loan to related parties	44,133	-
Trademarks and Licences	<u>45,455</u>	<u>-</u>
	452,502	249,246

Three Directors were employed fulltime during the period and paid salaries at market rates for their work as an employee.

For the period 01 July 2018 to 25 November 2018 the CEO of Rural Aid was engaged through a consultancy agreement at arm's length rates. On 30 November 2018 the Board approved a new employment contract for the CEO.

Lease payments were made to and on behalf of a related party in relation to a lease between the related party and the lessor.

Two loans to related parties were entered into during the year ended 30 June 2019, the terms of these loans are at an arm's length interest rate of 10.69%, to be paid in full by 30 June 2020.

During the year ended 30 June 2019, the domain name [www.buyabale.com.au](http://www.buyabale.com.au) was purchased from a related party which is 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 2019

2019	2018
\$	\$

**NOTE 16: 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 is as follows:

Cash on hand	-	131
Cash at bank	2,999,973	680,515
At call deposits with financial institutions	<u>5,053,667</u>	<u>-</u>
	8,053,640	680,646

**NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, of the company.

RURAL AID LTD  
ABN: 29 605 783 597

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:



Dated this

28

day of

November

2019



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Brisbane, QLD 4000

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

### Report on the Audit of the Financial Report

#### *Qualified 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 2019, 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, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying 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 2019 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*

Cash donations, representing 3.1% of total revenue, are a source of fundraising revenue for the Registered Entity. The Registered Entity has determined that it is impracticable to establish control over the collection of cash donations of \$1,885,360 prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion on whether the recorded cash donations of the Registered Entity are complete.

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* "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.

**Brisbane Sydney Newcastle Melbourne Adelaide Perth**

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NIGEL BATTERS  
SOLE WILKINSON

SIMON CHUN  
JEREMY JONES

TOM SPLATT  
JAMES FIELD

DANIEL COLWELL  
ROBYN COOPER

FELICITY CRIMSTON

### *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 2019, 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 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



JASON EVANS  
Partner

Brisbane, Queensland  
28 November 2019