Victorian Farmers Federation and its controlled entities

ABN 67 079 980 304

Financial Report - 30 September 2021

Victorian Farmers Federation and its controlled entities
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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Victorian Farmers Federation (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 September 2021.

Directors

The following persons were directors of Victorian Farmers Federation during the whole of the financial year and up to the date of this report, unless otherwise stated:

Emmanuele Germano
Danyel Cucinotta (appointed 11 December 2020)
Paul Mumford
Ashley Fraser
Nathan Free
Zena Burgess
Andrew Dix
Timothy Kingma
Steven Harrison (appointed 11 December 2020)
David Jochinke (ceased 10 December 2020)
Leonard Vallance (ceased 10 December 2020)

Operating results

The surplus of the group after providing for income tax amounted to $1,353,259 (2020: a deficit of $726,406) and the total comprehensive income amounted to $1,353,259 (2020: a deficit of $726,406).

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread globally as well as in Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19 and therefore the group has taken precautionary measures by implementing a COVIDSafe Plan across all sites, and ensuring that employees are working from home where possible and practical. Management believes that this will allow continued operation of the business and permitting activities. At the date of this report, the impact of these measures are not expected to significantly impact the operations of the group.

Events subsequent to the end of the reporting period.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it had no significant financial impact for the Group up to 30 September 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Significant changes in state of affairs

No significant change in the consolidated entity's state of affairs occurred during the financial year.

Principal activities

The principal activities of the group during the financial year have been to advance collectively and in conjunction with its Members the interests of the Agricultural industry and farmers in Victoria. There has been no significant change in the nature of these activities during the financial year.

Objectives

The short and long term objectives of the group are to encourage and promote the development of Agriculture and to advance policies that will protect farmers rights to farm, support rural communities and promote primary produce industries and markets that are sustainable across a wide spectrum of forums at state, national and international levels.

Strategy for achieving the objectives

The group will:

- provide strong advocacy on the issues important to members and that advance the interest of the farming community;
- increase the level of engagement with members and the community;
- provide opportunities for membership to all farmers;
- develop alliances and partnerships with like-minded organisations to increase the influence of the farming community;
- build systems and work processes to improve efficiency; and
- grow revenue streams to deliver sustainable operating budgets.

Key performance measures

The group aims to:

- increase membership through the provision of better services and through increasing opportunities for membership;
- deliver strong advocacy on behalf of members and the farming community for the betterment of Victorian agriculture;
- support the farming community in times of adversity such as drought, flood or fire;
- increase the awareness of the group's activities through greater media exposure and an emphasis on engagement with the rural community;
- grow revenue through increased membership and the development of sponsorships and services; and
- manage the assets of the group to deliver sustainable returns and growth in equity over the long term.

Information on directors

Name:	Emmanuele Germano
Title:	VFF President
Qualifications:	Nuffield Scholarship
Experience and expertise:	General Manager of I Love Farms, Managing Director of Hello Farmer Pty Ltd and Member State Executive Nuffield Victoria
Special responsibilities:	Chair VFF Board, Chair and Director of VFF Property Trust Ltd and VFF controlled entities Farrer House Ltd and Farmconnect Ltd, Chair of VFF Policy Council, Ex officio member of all VFF Board sub-committees

Name:	Danyel Cucinotta
Title:	VFF Vice President
Qualifications:	Diploma of Agriculture
Experience and expertise:	Egg Farmer, Farmer Representation In Parliament and Inquiries, Media and Social Media, Animal Welfare, Government Liaison, Community Engagement
Special responsibilities:	VFF Vice President, Chair Membership and Stakeholder Engagement Committee, Member Risk, Governance & Remuneration Committee, Director of VFF Property Trust and VFF controlled entities Farrer House Ltd and Farmconnect Ltd

Name:	Paul Mumford
Title:	Director
Qualifications:	Nuffield Scholarship, AICD
Experience and expertise:	Dairy Farmer, ADF National Councillor, Chair ADF Markets and Trade PAG, Nominations Committee for Gardiner Foundation & ADF, previous Board Member Yarram Herd Services
Special responsibilities:	Commodity President - Dairy (UDV), Member Membership and Stakeholders Engagement Committee, Member VFF Disaster Relief Fund Committee, Director of VFF Property Trust Ltd and VFF controlled entities Farrer House Ltd and Farmconnect Ltd

Name:	Ashley Fraser
Title:	Director
Qualifications:	AICD, Nuffield Scholarship, ARLP Graduate, Advanced Diploma Agriculture, Diploma Rural Business Management
Experience and expertise:	Grain Farmer, Managing Director Baker Seed Co, Chair SE Region ASF, Chair Nuffield VIC, Director Australian Seed Authority
Special responsibilities:	Commodity President – Grains, Member Finance & Audit Committee, Director of VFF Property Trust Ltd and VFF controlled entity Farrer House Ltd

Name:	Nathan Free
Title:	Director
Qualifications:	Nuffield Scholar and AICD
Experience and expertise:	Director Mallee Organic Farms P/L, Managing Director Wattle Organic Farms P/L
Special responsibilities:	Commodity President – Horticulture, Member Membership and Stakeholders Engagement Committee, Director of VFF Property Trust Ltd and VFF controlled entity Farrer House Ltd

Name:	Zena Burgess
Title:	Director
Qualifications:	PhD, MBA, FAICD
Experience and expertise:	Commercial and strategic experience leading member associations & NFP's
Special responsibilities:	Special Skills Director – Governance, Chair Risk, Governance and Remuneration Committee, Director of VFF Property Trust Ltd and VFF controlled entity Farrer House Ltd

Name:	Andrew Dix
Title:	Director
Qualifications:	B.Comm, FCA, GAICD, PMIIA
Experience and expertise:	Finance, governance, risk, assurance and internal control
Special responsibilities:	Special Skills Director – Finance, Chair Finance & Audit Committee, Member VFF Disaster Relief Fund Committee, Director of VFF Property Trust Ltd and VFF controlled entities Farrer House Ltd and Farmconnect Ltd

Name:	Timothy Kingma
Title:	Director
Qualifications:	B.Agriculture, ARLP Graduate
Experience and expertise:	Pig Farmer, Director of Gunpork group of companies
Special responsibilities:	Commodity President – Pigs, Director representing VFF Intensives Commodity Groups, Member Finance & Audit Committee and Director of VFF Property Trust Ltd and VFF controlled entity Farrer House Ltd

Name:	Steven Harrison
Title:	Director
Experience and expertise:	Sheep Farm owner and operator, AWEX ISAC Alternative Director and Committee Member, Member NFF Economics, Policy and Farm Committee, Member Vic Stud Merino Breeders Association, Life Member Gippsland Sheep Breeders Association, Vice President Woolproducers Peak Council
Special responsibilities:	Commodity President – Livestock, Member Membership and Stakeholders Engagement Committee and Director of VFF Property Trust Ltd and VFF controlled entity Farrer House Ltd

Name:	David Jochinke
Title:	VFF President and Chair (ceased 10 December 2020)
Qualifications:	Diploma of Applied Science, AICD, Nuffield Scholarship, ARLP Graduate
Experience and expertise:	Grainer farmer, Vice President National Farmers Federation
Special responsibilities:	Ex officio member of all VFF Board sub-committees

Name:	Leonard Vallance
Title:	Director (ceased 10 December 2020)
Qualifications:	Diploma of Agriculture
Experience and expertise:	Grain and livestock farmer, Member Cattle Compensation Fund and Sheep and Goat Compensation Fund Committees, Member Primesafe Board Selection Committee, Chair Mallee Landcare, Member LICC
Special responsibilities:	Commodity President - Livestock, Member Finance and Audit Committee, Member Disaster Relief Fund Committee

Meetings of directors

The number of meetings of the directors held during the year ended 30 September 2021, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
Emmanuele Germano	7	7
Danyel Cucinotta	6	6
Steven Harrison	6	6
Paul Mumford	7	7
Ashley Fraser	7	6
Nathan Free	7	7
Zena Burgess	7	6
Andrew Dix	7	7
Timothy Kingma	7	7
David Jochinke	1	1
Leonard Vallance	1	1

Indemnifying officers or auditors

During the year, the group paid a premium to insure officers of the group. The officers of the group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the consolidated entity and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the consolidated entity.

The group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnify or agreed to indemnify any current or former officer or auditor of the consolidated entity against a liability incurred as such by an officer or auditor.

Proceedings on behalf of the entity

No person has applied for leave of court to bring proceedings on behalf of the consolidated entity or intervene in any proceeding to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings. The consolidated entity was not a party to any such proceedings during the year.

Contributions on winding up

In the event of the Victorian Farmers Federation being wound up, ordinary members are required to contribute a maximum of $10 each.

The total amount that members of the company are liable to contribute if the company is wound up is $48,460 based on 4,846 current ordinary members of the Victorian Farmers Federation at 30 September 2021.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Signed in accordance with a resolution of the directors.

Emmanuele Germano
President

Andrew Dix
Finance and Audit Committee Chair/Director

15 December 2021
Melbourne

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Auditor's Independence Declaration

To the Directors of Victorian Farmers Federation and its controlled entities

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Victorian Farmers Federation and its controlled entities for the year ended 30 September 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Pititto
Partner – Audit & Assurance

Melbourne, 15 December 2021

Victorian Farmers Federation and its controlled entities
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2021

	Note	Consolidated 2021 $	2020 $
Revenue	3	6,707,317	10,416,768
Other income	4	2,493,988	2,745,029
Expenses			
Employee expenses		(3,897,995)	(3,834,812)
Other expenses	5	(4,672,826)	(4,650,203)
Short-term and low-value lease expense		(5,335)	(12,000)
Grant Rebates paid		(116,976)	(4,329,900)
Depreciation and amortisation expense	6	(447,731)	(321,792)
Finance costs	6	(111,168)	(132,371)
Advertising		(200,024)	(64,560)
Net gains/(impairment losses) on financial assets		-	(194,221)
Auditors remuneration		(54,700)	(67,100)
Operating deficit before revaluation of financial assets		(305,450)	(445,162)
Net fair value gain/(loss) on revaluation of financial assets		1,660,812	(280,996)
Surplus/(deficit) before income tax expense		1,355362	(726,158)
Income tax expense	7	(2,103)	(248)
Surplus/(deficit) after income tax expense for the year		1,353,259	(726,406)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		1,353,259	(726,406)

Victorian Farmers Federation and its controlled entities
Statement of financial position
As at 30 September 2021

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	8	470,074	485,803
Trade and other receivables	9	454,702	604,746
Other financial assets	10	10,517,779	9,814,278
Other current assets	12	46,846	95,783
Total current assets		11,489,401	11,000,610
Non-current assets			
Other financial assets	10	-	516,180
Investment properties	13	30,886,969	30,288,555
Property, plant and equipment	14	6,106,399	6,583,633
Right-of-use assets	11	233,649	400,863
Total non-current assets		37,227,017	37,789,231
Total assets		48,716,418	48,789,841
Liabilities			
Current liabilities			
Trade and other payables	15	1,101,960	1,297,008
Contract liabilities	16	2,138,329	3,164,069
Borrowings	17	6,105,222	5,932,356
Lease liabilities	18	120,355	152,346
Provisions	19	232,888	462,081
Other current liabilities	20	367,004	367,004
Total current liabilities		10,065,758	11,374,864
Non-current liabilities			
Lease liabilities	18	118,111	252,753
Provisions	19	67,743	50,677
Total non-current liabilities		185,854	303,430
Total liabilities		10,251,612	11,678,294
Net assets		38,464,806	37,111,547
Equity			
Reserves	21	13,412,202	13,412,202
Retained surpluses	22	25,052,604	23,699,345
Total equity		38,464,806	37,111,547

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

Victorian Farmers Federation and its controlled entities
Statement of changes in equity
For the year ended 30 September 2021

Consolidated	**Asset Revaluation Reserve $**	**Federation funds $**	**Commodity group funds $**	**Total equity $**
Balance at 1 October 2019	13,412,202	22,371,710	2,054,041	37,837,953
Deficit after income tax expense for the year	-	(726,406)	-	(726,406)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	(726,406)	-	(726,406)
Balance at 30 September 2020	13,412,202	21,645,304	2,054,041	37,111,547

Consolidated	**Asset Revaluation Reserve $**	**Federation funds $**	**Commodity group funds $**	**Total equity $**
Balance at 1 October 2020	13,412,202	21,645,304	2,054,041	37,111,547
Surplus after income tax expense for the year	-	1,353,259	-	1,353,259
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	1,353,259	-	1,353,259
Balance at 30 September 2021	13,412,202	22,998,563	2,054,041	38,464,806

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

Victorian Farmers Federation and its controlled entities
Statement of cash flows
For the year ended 30 September 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers		7,299,219	15,265,923
Payments to suppliers		(7,799,798)	(12,088,729)
Interest received		96	3,071
Interest paid		(111,168)	(132,371)
Grants received		1,116,674	569,500
Grant Related payments		(2,109,710)	(2,218,450)
Income taxes paid		(2,103)	(248)
Net cash (used in)/from operating activities		(1,606,790)	1,398,696
Cash flows from investing activities			
Net proceeds from sale of financial assets		2,066,614	81,640
Payments for investment property	13	(460,282)	(480,877)
Payments for property, plant and equipment	14	(32,614)	(1,186,674)
Net cash from/(used in) investing activities		1,573,718	(1,585,911)
Cash flows from financing activities			
Repayment of borrowings		(1,132,086)	-
Proceeds from borrowings		1,304,952	510,191
Repayment of principal of lease liabilities		(155,523)	(144,680)
Net cash from financing activities		17,343	365,511
Net (decrease)/increase in cash and cash equivalents		(15,729)	178,296
Cash and cash equivalents at the beginning of the financial year		485,803	307,507
Cash and cash equivalents at the end of the financial year	8	470,074	485,803

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

IFRIC Agenda Decision - Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)
The group has adopted the IFRIC Agenda Decision - Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) as at 30 September 2021. The Agenda Decision clarifies how a customer accounts for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. The Agenda Decision requires management to capitalise elements of expenditure that meet the definition of an Intangible Asset as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure either by applying AASB 138 or applying another accounting standard. The impact of this decision has not had a material impact on the consolidated entity's financial statements.

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation
In accordance with the Corporations Act 2001 these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26. A list of controlled entities is contained in note 28 to the financial statements. Victorian Farmers Federation also holds a 50% interest in Flower and Garden Show Limited, however do not consolidate the results of this entity as they are considered immaterial and VFF do not control this entity.

A controlled entity is any entity Victorian Farmers Federation is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date as of 30 September. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

There are various VFF branches throughout the state which may utilise the VFF name and ABN. VFF does not recognise the assets and liabilities of these branches in the VFF's financial records, as they are considered separate entities and VFF does not practically control the funds held by these entities

Note 1. Significant accounting policies (continued)

Revenue and income recognition

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

Revenue is recognised either at a point in time or over time, when (or as) the performance obligations are satisfied by transferring the promised goods or services to its customers.

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

Income of Not-for-Profit Entities
The group recognises income in accordance with AASB 1058. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt.

Income under the standard is recognised where:
- an asset is received in a transaction, such as by way of a grant or donation;
- there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and
- the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the group which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to:
- contributions by owners;
- AASB 15 revenue or contract liability recognised;
- lease liabilities in accordance with AASB 16;
- financial instruments in accordance with AASB 9; or
- provisions in accordance with AASB 137.

Accounting policies for revenue and income recognised during the year are as follows:

Commercial agreements
Commercial agreement revenues are recognised when performance obligations are fulfilled, which is generally at a point in time when goods and services are provided to customers.

Handbooks and fees for service
Handbooks and fees for service are recognised over time as the performance obligations are satisfied over the applicable subscription period.

Levies
Levies paid by a member are recognised over time as services and benefits transferred to the member.

Grant revenue
Revenue from grants is recognised in profit or loss when VFF satisfies the performance obligations stated within the funding agreement. If conditions are attached to the contract which must be satisfied before VFF is eligible to retain the contribution, revenue is recognised over time based on the stage of completion as performance obligations are satisfied. A contract liability is recognised in the statement of financial position until those conditions are satisfied.

Note 1. Significant accounting policies (continued)

Subscriptions
Subscription revenue for membership subscription arrangements are recognised over time as the membership service is provided, which is based on the passage of time over the subscription period.

Sponsorship income
Sponsorship income is recognised when received or receivable and when the funds do not give rise to an obligation.

Rental income
Rental income from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Interest income
Interest income is recognised as interest accrues using the effective interest method.

Dividends
Dividends from listed investments managed by Credit Suisse are income received from financial assets measured at fair value through profit or loss (FVPL). Dividends are recognised as other income in profit or loss when the right to receive payment is established.

Government incentives
Government incentives are JobKeeper payments, cash flow boost payments and other grants received from Federal Government recognised at the point in time when actual cash is received or at expected values when it is reasonable that the group will comply with the requirements and that the incentive will be received.

Other revenue & income
Other revenue and income are recognised when performance obligations are fulfilled, which is generally at a point in time when goods and services are provided to customers.

Income tax
No provision for income tax is made for the parent entity as the Federation (being a federation not carried on for the purpose of profit or gain to the individual members thereof and being established for the purpose of promoting the development of the agricultural and pastoral resources of Australia) is exempt from income tax by virtue of the Board's formal self-assessment.

Controlled subsidiary, Farrer House Ltd, is subject to income tax. The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within sixty days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 1. Significant accounting policies (continued)

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

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

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
• amortised cost
• fair value through profit or loss (FVPL)
• equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for impairment of trade receivables which is presented as a net gain or impairment loss on financial assets.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The group's trade and most other receivables, as well as the investment in NFF trust units fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. The group's investments in listed equities and bonds fall into this category.

The group does not have any financial instruments in the category of equity FVOCI.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Classification and subsequent measurement of financial liabilities

The group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

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

Property
The group owns the Farrer House property at 24 Collins St, Melbourne, in which the company's head office is located. The group occupies a numbers of floors in the building, with the balance of the property held to earn rental income and for capital appreciation.

The owner occupied portion of the property is treated as land and buildings in accordance with AASB 116 Property, Plant and Equipment, whilst the portion leased to external parties is considered to be investment property in accordance with AASB 140 Investment Property. The owner occupied portion consists of 15.2% (2020: 15.2%) of the Farrer House property, with the allocation based on rental space and return compared to tenanted and Victorian Farmers Federation occupied space.

Land and buildings as described above are shown at their fair value based on periodic (at least every three years) valuations by external independent valuers, less subsequent depreciation for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. Any revaluation decrements are initially taken to the asset revaluation reserve to the extent of any previous revaluation of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and Equipment
Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciation amount of all fixed assets, excluding freehold land, are depreciated on either a straight line (SL) or reducing balance (RB) basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Buildings (SL)	2.5%
Furniture and fittings (RB)	15%
Motor vehicles (RB)	50%
Office equipment (RB)	15% - 33.3%
Office fitout costs (SL)	15% - 33.3%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1. Significant accounting policies (continued)

Investment properties
Investment property, principally comprising freehold land and office building, is held for long-term rental yields. The investment property consists of 84.98 (2020: 84.8%) of the principal place of business located at 24 Collins St, Melbourne. The allocation is based on rental space and return compared to tenanted and Victorian Farmers Federation occupied space.

Investment properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections.

These valuations are reviewed annually by the Directors and regular valuations are conducted by a member of the Australian Property Institute. Changes in fair values are recorded in the statement of profit or loss and other comprehensive income as part of other income

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of financial assets
At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year end which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and usually paid within thirty days of recognition.

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions
Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, for which it is probable the group will be required to settle an obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Finance costs
All finance costs are expenses in the period in which they are incurred, including interest on bank overdraft (if any) and interest on short-term and long-term borrowings.

Employee benefits

Short-term employee benefits
Provision is made for the group’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Wages and salaries and annual leave
Liabilities for salaries and wages, including non-monetary benefits, and annual leave expected to be entitled within twelve months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting time and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The liability is measured as the present value of expected future payments to be made in aspect of services provided by the employees up to the reporting date using the projected until credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Valuation of PPE and investment property
The value of the Farrer House property is allocated between PPE and Investment Property; the owner occupied portion of the property is treated as land and buildings in accordance with AASB 116 Property, Plant and Equipment, whilst the portion leased to external parties is considered to be investment property in accordance with AASB 140 Investment Property. The calculation of this split is based on an estimate by the directors.

The fair value of the Farrer House property is required to be assessed on an annual basis. The valuation process contains a number of key assumptions in determining fair value of the Farrer House property as disclosed in note 13 and note 14.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Treatment of commodity deposits
VFF holds monies on behalf of a number of entities / groups associated with the VFF, some of which are actually part of the VFF legal entity (VFF internal commodity groups). Other entities are external to the VFF. Depending on whether VFF has the ability to control these monies or whether there is an obligation to return the funds to an external entity influences whether VFF recognises the monies held as debt or equity. This determination is subject to assumptions and judgments made by the directors.

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

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

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Long service leave provision
The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	Consolidated	
	2021	**2020**
	$	**$**
Revenue recognised over time		
Handbooks and fees for service	144,977	138,782
Levies	1,719,443	1,726,735
Grant revenue	2,075,273	5,342,308
Subscriptions	1,781,828	1,818,884
	5,721,521	9,026,709
Revenue recognised at a point in time		
Commercial agreements	851,905	1,306,024
Other revenue	133,891	84,035
	985,796	1,390,059
Revenue	6,707,317	10,416,768

Note 4. Other income

	Consolidated	
	2021	**2020**
	$	**$**
Sponsorship income	147,750	118,623
Rental income	1,443,432	1,807,211
Interest income	96	3,071
Dividends	272,153	246,624
COVID Stimulus	280,032	569,500
Gain on disposal of shares in NFF House	350,525	-
Other income	2,493,988	2,745,029

Note 5. Other expenses

	Consolidated 2021 $	Consolidated 2020 $
Affiliation fees	717,795	828,467
Bank fees	51,676	34,272
Building expenses	790,399	778,701
Communication expenses	122,738	233,057
Conference expenses	77,485	195,456
Consultants	916,467	739,344
Directors' and Presidents' expenses	448,547	495,346
Insurance	85,049	87,377
Investment manager fees	88,527	80,420
IT support	350,797	243,111
Legal fees	124,624	166,843
Meeting expenses	48,997	71,143
Outsourced services	200,343	216,173
Printing & stationary	53,621	25,654
Promotional, newsletter and project expenses	365,133	110,905
Rebates to branches and district councils	405	960
Staff travel/motor vehicle costs	76,042	138,985
Subscriptions	42,903	40,645
Sundry expenses	94,814	163,344
	4,672,826	4,650,203

Note 6. Expenses

	Consolidated 2021 $	Consolidated 2020 $
Surplus/(deficit) before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment	291,627	172,876
Right-of-use assets	156,104	148,916
Total depreciation and amortisation expense	447,731	321,792
Finance costs		
Interest and finance charges paid/payable on borrowings	103,454	122,033
Interest and finance charges paid/payable on lease liabilities	7,714	10,338
Finance costs expensed	111,168	132,371
Employee expenses		
Superannuation expense	298,039	278,092

Note 7. Income tax expense

As explained in note 1, the Federation is exempt from income by virtue of the Board's self-assessment. The $2,103 in income tax paid for the year relates to the Farrer House entity for a prior period income tax payable amount.

Note 8. Cash and cash equivalents

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Cash at bank and on hand	470,074	485,803

Note 9. Trade and other receivables

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Trade receivables	187,754	335,123
Less: Allowance for expected credit losses	-	(6,721)
	187,754	328,402
Accrued income	266,948	276,344
	454,702	604,746
Non-current assets		
Loan receivable from Flower and Garden Show Ltd	187,500	187,500
Less: Allowance for expected credit losses	(187,500)	(187,500)
	-	-
	454,702	604,746

Note 10. Other financial assets

	Consolidated	
	2021	**2020**
	$	**$**
Current assets - financial assets at fair value through profit or loss		
Managed investment portfolio (with investment managers)	10,517,779	9,814,278
Non-current assets - financial assets at amortised cost		
Units held in NFF Home Unit Trust at cost	-	516,180
	10,517,779	10,330,458

Note 11. Right-of-use assets

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Office equipment - right-of-use	324,797	324,798
Less: Accumulated depreciation	(157,115)	(82,949)
	167,682	241,849
Motor vehicles - right-of-use	149,988	224,981
Less: Accumulated depreciation	(84,021)	(65,967)
	65,967	159,014
	233,649	400,863

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Office equipment $	Motor vehicles $	Total $
Balance at 1 October 2020	241,849	159,014	400,863
Additions	-	24,998	24,998
Disposals	-	(36,108)	(36,108)
Depreciation expense	(74,166)	(81,938)	(156,104)
Balance at 30 September 2021	167,683	65,966	233,649

Note 12. Other current assets

	Consolidated 2021 $	Consolidated 2020 $
Non-financial assets		
Prepayments	46,846	95,783

Note 13. Investment properties

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Farrer house property at fair value	30,886,969	30,288,555

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $	2020 $
Opening balance	30,288,555	29,992,070
Additions	460,282	480,877
Reclassification from/(to) property, plant and equipment	138,132	(184,392)
Closing balance	30,886,969	30,288,555

Valuations of investment properties
Investment property, principally comprising freehold land and office building, is held for long-term rental yields. The investment property consists of 84.8% (2020: 84.8%) of the principal place of business located at 24 Collins St, Melbourne. The allocation is based on rental space and return compared to tenanted and Victorian Farmers Federation occupied space.

The group obtains independent valuations for its investment property at least every three years. At the end of each reporting period, the directors update their assessment of the fair value of the property, taking into account the most recent independent valuation. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar investment properties.

Where such information is not available the directors consider information from a variety of sources including:
(i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
(ii) discounted cash flow projections based on reliable estimates of future cash flows; and
(iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

An independent valuation of the Farrer House property was performed by Charter Keck Cramer and the valuation report was signed on 15 August 2018 which resulted in a valuation of $35,000,000, and this valuation was adopted by the directors as the carrying value of the Farrer House property at 30 September 2018.

A subsequent independent valuation of the Farrer House property was performed by Charter Keck Cramer and the valuation report was signed on 6 September 2021 which resulted in a valuation of $47,400,000 however this valuation noted an inherent uncertainty due to the adverse market conditions during the COVID-19 pandemic. Accordingly, the directors have determined that this valuation not be adopted as the fair value of the Farrer House property at 30 September 2021.

It is the intention of the directors to obtain a further market valuation prior to 30 September 2022 for consideration in assessing the carrying value of Farrer House property at that time.

The directors have performed their own assessment of the valuation of the Farrer House property as at 30 September 2021 and concluded that due current market conditions and COVID-19 the level of estimation uncertainty is too great to place reliance on an increase of $12,400,000 in the 3 years from 2018 to 2021 in the property valuation. As such the directors have determined that the property be valued at $35,998,318 at 30 September 2021 as a result of the refurbishments that took place during the 3 years since the 2018 valuation. A reconciliation of this amount is shown in note 14.

The key assumptions used by the independent valuer in determining fair value of the Farrer House property at 30 September 2018 were:

Assessed net rental income - $1,835,000
Capitalisation rate - 5%
Yield - 5%
Expected vacancy rate - 1.9%

The key assumptions used by the independent valuer in determining fair value of the Farrer House property at 30 September 2021 were:

Assessed net rental income - $1,906,260
Capitalisation rate - 3.75%
Yield - 3.75%
Expected vacancy rate - 10%

Non-current assets pledged as security
Refer to note 17 for information on non-current assets pledged as security by the group.

Contractual obligations
The group had no capital commitments as at 30 September 2021 (2020: $nil).

Note 13. Investment properties (continued)

	Consolidated 2021 $	Consolidated 2020 $
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	1,236,792	1,336,926
Between 1 & 5 years	3,606,447	2,800,283
Greater than 5 years	11,115	97,442
	4,854,354	4,234,651

Note 14. Property, plant and equipment

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land & buildings (Farrer House) at fair value	5,493,442	5,501,674
Less: Accumulated depreciation	(382,093)	(244,551)
	5,111,349	5,257,123
Furniture and fittings - at cost	70,516	17,581
Less: Accumulated depreciation	(6,500)	(10,215)
	64,016	7,366
Office equipment - at cost	212,113	210,213
Less: Accumulated depreciation	(109,537)	(181,633)
	102,576	28,580
Office fitout costs - at cost	2,127,648	1,201,566
Less: Accumulated depreciation	(1,299,190)	(1,182,113)
	828,458	19,453
Work in progress	-	1,271,111
	6,106,399	6,583,633

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land & buildings $	Furniture & fittings $	Motor vehicles $	Office equipment $	Office fitout costs $	Work in progress $	Total $
Balance at 1 October 2020	5,257,123	7,366	-	28,580	19,453	1,271,111	6,583,633
Additions	-	15,957	-	7,881	8,776	-	32,614
Disposals	-	(6,262)	-	(12,980)	-	(60,847)	(80,089)
Capitalisation of WIP	-	54,559	-	108,499	917,306	(1,080,364)	-
Reclassification from/(to) Investment property	(8,232)	-	-	-	-	(129,000)	(138,132)
Depreciation expense	(137,542)	(7,604)	-	(29,404)	(117,077)	-	(291,627)
Balance at 30 September 2021	5,111,349	64,016	-	102,576	828,458	-	6,106,399

Note 14. Property, plant and equipment (continued)

Valuations of land and buildings
The group owns the Farrer House property at 24 Collins St, Melbourne, in which the group's head office is located. The group occupies a numbers of floors in the building, with the balance of the property held to earn rental income and for capital appreciation.

The owner occupied portion of the property is treated as land and buildings in accordance with AASB 116 Property, Plant and Equipment, whilst the portion leased to external parties is considered to be investment property in accordance with AASB 140 Investment Property (refer note 13). The owner occupied portion consists of 15.2 % (2020: 15.2%) of the Farrer House property, with the allocation based on rental space and return compared to tenanted and Victorian Farmers Federation occupied space.

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 15 August 2018 based on independent assessments by Charter Keck Cramer, a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued and this valuation was adopted by the directors as the carrying value of the Farrer House property at 30 September 2018.

A subsequent independent valuation of the Farrer House property was performed by Charter Keck Cramer and the valuation report was signed on 6 September 2021 which resulted in a valuation of $47,400,000 however this valuation noted an inherent uncertainty due to the adverse market conditions during the COVID-19 pandemic. Accordingly, the directors have determined that this valuation not be adopted as the fair value of the Farrer House property at 30 September 2021.

It is the intention of the directors to obtain a further market valuation prior to 30 September 2022 for consideration in assessing the carrying value of Farrer House property at that time.

The directors have performed their own assessment of the valuation of the Farrer House property as at 30 September 2021 and concluded that due current market conditions and COVID-19 the level of estimation uncertainty is too great to place reliance on the valuation of a $12,400,000 increase in property valuation. As such the directors have determined that the property be valued at $35,998,318 at 30 September 2021 as a result of the refurbishments that took place during the 3 years since the 2018 valuation. A reconciliation of this amount is shown below. The directors do not believe there is any indication of impairment of the property as evident by the 2021 valuation.

Further details as to the valuation basis are included in note 13 above, however, the total valuation adopted by the directors is reconciled below:

	Consolidated	
	2021	**2020**
	$	**$**
Total value of Farrer House property:		
Classified as property, plant and equipment	5,111,349	5,257,123
Classified as investment property	30,886,969	30,288,555
	35,998,318	35,545,678

Non-current assets pledged as security
Refer to note 17 for information on non-current assets pledged as security by the group.

Note 15. Trade and other payables

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Trade payables	926,969	1,167,520
Sundry payables	174,991	129,488
	1,101,960	1,297,008

Note 16. Contract liabilities

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Prepaid subscriptions	803,601	771,487
Deferred grant revenue	1,334,728	2,392,582
	2,138,329	3,164,069

Note 17. Borrowings

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Secured borrowings (Westpac)	5,149,872	3,748,872
Secured lending facility (Credit Suisse)	867,908	2,003,115
Deposits	87,442	180,369
	6,105,222	5,932,356

Deposits - deposits are held on behalf of other parties, are unsecured, are 'at call', and interest is payable at the monthly average interest rate earned by the VFF.

Secured lending facility (Credit Suisse) - secured by funds invested with professional fund manager. Carrying amount of pledged security is $10,517,779 (2020: $9,814,279).

Secured borrowings (Westpac) - secured by guarantee from Victorian Farmers Federation and guarantee from Farrer House Limited including mortgage over the premises of Farrer House; 24 Collins St, Melbourne as per note 13 and note 14.

Note 18. Lease liabilities

	Consolidated	
	2021 $	2020 $
Current liabilities		
Lease liability	120,355	152,346
Non-current liabilities		
Lease liability	118,111	252,753
	238,466	405,099

Note 19. Provisions

	Consolidated	
	2021 $	2020 $
Current liabilities		
Employee entitlements - annual leave	211,308	295,029
Employee entitlements - long service leave	21,580	167,052
	232,888	462,081
Non-current liabilities		
Long Service Leave Provision - Non-current	67,743	50,677
	300,631	512,758

Note 20. Other current liabilities

	Consolidated	
	2021 $	2020 $
Current liabilities		
Deposits (non-interest bearing)	367,004	367,004

Note 21. Reserves

	Consolidated	
	2021 $	2020 $
Asset revaluation reserve	13,412,202	13,412,202

Asset revaluation reserve
The asset revaluation reserve records revaluations of non-current assets.

Note 22. Retained surpluses

	Consolidated	
	2021	**2020**
	$	**$**
Retained surpluses at the beginning of the financial year	23,699,345	24,425,751
Surplus/(deficit) after income tax expense for the year	1,353,259	(726,406)
Retained surpluses at the end of the financial year	25,052,604	23,699,345

	Consolidated	
	2021	**2020**
	$	**$**
Reconciliation of retained surpluses:		
Federation funds	22,998,563	21,645,304
Commodity group funds	2,054,041	2,054,041
	25,052,604	23,699,345

Note 23. Contingent liabilities

The group had no contingent liabilities as at 30 September 2021 (2020: $nil).

Note 24. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 27.

Transactions with related parties
Disclosures relating to key management personnel remuneration are set out in note 24.

At balance date all of the directors were members of the group. All membership benefits and payments are on an identical basis as other members of the group.

Audit notes there were no related party transactions during the year.

Note 25. Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any directors (whether executive or not) considered key management personnel.

	Consolidated	
	2021	**2020**
	$	**$**
Remuneration received by all Directors	493,193	451,436

	Consolidated	
	2021	**2020**
Remuneration of other key management personnel	1,512,093	1,471,382

Note 26. Cash flow information

Credit stand by loan arrangement and loan facilities

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2021	2020
	$	$
Total facilities		
Bank loan	5,150,000	5,150,000
Margin loans	5,000,000	5,000,000
Total facilities	10,150,000	10,150,000

	Consolidated	
	2021	2020
Used facilities at reporting date		
Bank loan	5,149,872	3,748,872
Margin loans	867,908	2,003,115
Total used facilities	6,017,780	5,751,987

	Consolidated	
	2021	2020
	$	$
Unused facilities at reporting date		
Bank loan	128	1,401,128
Margin loans	4,132,092	2,996,885
Total unused facilities	4,132,220	4,398,013

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	$	$
Surplus/(deficit) after income tax	1,361,493	(726,406)
Total comprehensive income/(loss)	1,361,493	(726,406)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 2021 $	Parent 2020 $
Total current assets	11,320,392	10,896,784
Total assets	49,905,643	50,036,017
Total current liabilities	11,178,668	12,552,958
Total liabilities	11,364,522	12,856,388
Equity		
Asset revaluation reserve	13,412,202	13,412,202
Retained surpluses	25,128,919	23,767,427
Total equity	38,541,121	37,179,629

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 September 2021 (2020: $nil).

Capital commitments
The parent entity had no capital commitments as at 30 September 2021 (2020: $nil).

Note 28. Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Victorian Farmers Federation Property Trust Ltd	Australia	100.00%	100.00%
Farrer House Ltd	Australia	100.00%	100.00%

Note 29. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it had no significant financial impact for the Group up to 30 September 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 September 2021 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 30. Deed of cross guarantee

Victorian Farmers Federation, Victorian Farmers Federation Property Trust Ltd and Farrer House Ltd are parties to a deed of cross guarantee under which each company cross guarantees the debts of each other.

Note 31. Company details

Victorian Farmers Federation offices are located at:
Level 3, 24- 28 Collins St
MELBOURNE VIC 3000

Victorian Farmers Federation and its controlled entities
Directors' declaration
30 September 2021

In the directors' opinion:

1. The consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of their financial position as at 30 September 2021 and of the performance for the financial year ended on that date; and

- complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. There are reasonable grounds to believe that Victorian Farmers Federation will be able to pay its debts as and when they become due and payable.

3. At the date of the declaration, there are reasonable grounds to believe that the members of the cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the cross guarantee described in note 30 to the financial statements.

Signed in accordance with a resolution of the directors:

Emmanuele Germano
President

Andrew Dix
Finance and Audit Committee Chair/Director

15 December 2021
Melbourne

Grant Thornton

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Independent Auditor's Report

To the Members of Victorian Farmers Federation and its controlled entities

Report on the audit of the financial report

Opinion

We have audited the financial report of Victorian Farmers Federation (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 September 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 September 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 September 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 the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Pititto
Partner – Audit & Assurance

Melbourne, 15 December 2021