Victorian Farmers Federation and its controlled entities

ABN 67 079 980 304

Financial Report - 30 September 2022

Victorian Farmers Federation and its controlled entities
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General information

The financial statements cover Victorian Farmers Federation as a group consisting of Victorian Farmers Federation and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Victorian Farmers Federation's functional and presentation currency.

Victorian Farmers Federation is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3
Farrer House
24 Collins Street
Melbourne VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 December 2022.

Victorian Farmers Federation and its controlled entities
Directors' report
30 September 2022

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 2022.

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
Nathan Free
Andrew Dix
Ashley Fraser
Timothy Kingma
Steven Harrison
Danyel Cucinotta
Zena Burgess
Craig Dwyer (appointed 7 September 2022)
Paul Mumford (ceased 1 August 2022)

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.

Review of operations
The profit for the group after providing for income tax amounted to $7,937,493 (30 September 2021: $1,353,259) and the total comprehensive income amounted to $10,253,236 (30 September 2021: $1,353,259).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year
Brendan Tatham replaced Robert Taylor as interim CEO on 22 November 2022.

No other matter or circumstance has arisen since 30 September 2022 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.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
There were no unissued ordinary shares of the Victorian Farmers Federation under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the Victorian Farmers Federation issued on the exercise of options during the year ended 30 September 2022 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the entity
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

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 (ceased 1 August 2022)
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:	Craig Dwyer
Title:	Director (appointed 7 September 2022)
Experience and expertise:	

Meetings of directors
The number of meetings of the directors held during the year ended 30 September 2022, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
Emmanuele Germano	8	8
Nathan Free	8	8
Andrew Dix	8	6
Ashley Fraser	8	8
Timothy Kingma	8	8
Steven Harrison	8	8
Danyel Cucinotta	8	8
Zena Burgess	8	7
Craig Dwyer (appointed 7 September 2022)	1	1
Paul Mumford (ceased 1 August 2022)	6	6

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 $39,620 based on 3,962 current ordinary members of the Victorian Farmers Federation at 30 September 2022.

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.

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

Signed in accordance with a resolution of the directors.

Emmanuele Germano
President

Andrew Dix
Finance and Audit Committee Chair/Director

14 December 2022
Melbourne

Grant Thornton

Grant Thornton Audit Pty Ltd
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727 Collins Street
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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 2022, 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, 14 December 2022

Victorian Farmers Federation and its controlled entities
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2022

	Note	Consolidated 2022 $	2021 $
Revenue	3	6,888,078	6,707,317
Other income	4	2,189,921	2,493,988
Expenses			
Employee expenses		(3,863,088)	(3,897,995)
Other expenses	5	(4,677,347)	(4,727,526)
Short-term and low-value lease expense		(162)	(5,335)
Grant Rebates paid		(687,287)	(116,976)
Depreciation and amortisation expense	6	(455,996)	(447,731)
Finance costs	6	(146,258)	(111,168)
Advertising		(175,618)	(200,024)
Operating surplus/(deficit) before revaluations		(927,757)	(305,450)
Net fair value gain/(loss) on revaluation of financial assets		(1,360,438)	1,660,812
Net fair value gain on revaluation of investment properties	13	10,225,688	-
Surplus before income tax expense		7,937,493	1,355,362
Income tax expense	7	-	(2,103)
Surplus after income tax expense for the year		7,937,493	1,353,259
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax	14	2,315,743	-
Other comprehensive income for the year, net of tax		2,315,743	-
Total comprehensive income for the year		10,253,236	1,353,259

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

Victorian Farmers Federation and its controlled entities
Statement of financial position
As at 30 September 2022

	Note	Consolidated 2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	8	502,360	470,074
Trade and other receivables	9	1,232,789	454,702
Other financial assets	10	9,339,856	10,517,779
Other current assets	12	78,724	46,846
Total current assets		11,153,729	11,489,401
Non-current assets			
Investment properties	13	41,112,657	30,886,969
Property, plant and equipment	14	8,209,015	6,106,399
Right-of-use assets	11	111,685	233,649
Total non-current assets		49,433,357	37,227,017
Total assets		60,587,086	48,716,418
Liabilities			
Current liabilities			
Trade and other payables	15	1,052,758	1,101,960
Contract liabilities	16	1,916,574	2,138,329
Borrowings	17	8,108,613	6,105,222
Lease liabilities	18	68,371	120,355
Provisions	19	237,260	232,888
Other current liabilities	20	367,003	367,004
Total current liabilities		11,750,579	10,065,758
Non-current liabilities			
Lease liabilities	18	46,873	118,111
Provisions	19	71,592	67,743
Total non-current liabilities		118,465	185,854
Total liabilities		11,869,044	10,251,612
Net assets		48,718,042	38,464,806
Equity			
Reserves	21	15,727,945	13,412,202
Retained surpluses	22	32,990,097	25,052,604
Total equity		48,718,042	38,464,806

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 2022

Consolidated	**Asset Revaluation Reserve** $	**Retained Surpluses** $	**Total equity** $
Balance at 1 October 2020	13,412,202	23,699,345	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	25,052,604	38,464,806

Consolidated	**Asset Revaluation Reserve** $	**Retained Surpluses** $	**Total equity** $
Balance at 1 October 2021	13,412,202	25,052,604	38,464,806
Surplus after income tax expense for the year	-	7,937,493	7,937,493
Other comprehensive income for the year, net of tax	2,315,743	-	2,315,743
Total comprehensive income for the year	2,315,743	7,937,493	10,253,236
Balance at 30 September 2022	15,727,945	32,990,097	48,718,042

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 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Receipts from customers		6,808,515	7,299,219
Payments to suppliers		(8,165,196)	(7,799,798)
Interest received		2,574	96
Interest paid		(146,258)	(111,168)
Grants received		1,775,460	1,116,674
Grants paid		(2,091,527)	(2,109,710)
Income taxes paid		-	(2,103)
Net cash used in operating activities		(1,816,432)	(1,606,790)
Cash flows from investing activities			
Net fair value movement on financial assets		(182,517)	(2,338,767)
Dividends received and reinvested		271,969	272,153
Payments for investment property		-	(460,282)
Payments for property, plant and equipment		(120,903)	(32,614)
Net cash from investing activities		(31,451)	1,573,718
Cash flows from financing activities			
Repayment of borrowings		-	(1,132,086)
Proceeds from borrowings		2,003,391	1,304,952
Repayment of principal of lease liabilities		(123,222)	(155,523)
Net cash from financing activities		1,880,169	17,343
Net (decrease)/increase in cash and cash equivalents		32,286	(15,729)
Cash and cash equivalents at the beginning of the financial year		470,074	485,803
Cash and cash equivalents at the end of the financial year	8	502,360	470,074

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The group has adopted the revised Conceptual Framework from 1 October 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the group's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The group has adopted AASB 1060 from 1 October 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') 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 28.

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 28. A list of controlled entities is contained in note 29 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 consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

Other revenue
Other revenue is recognised on receipt when the right to receive payment is established and a purchase order doesn't exist.

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.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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% (2021: 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.

Note 1. Significant accounting policies (continued)

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.

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 (2021: 84.98%) 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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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 Property, Plant and Equipment and investment property
The value of the Farrer House property is allocated between Property, Plant and Equipment 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.

Treatment of commodity deposits
The group holds monies on behalf of a number of entities / groups associated with the group, some of which are actually part of the group's legal entity (Victorian Farmers Federation internal commodity groups). Other entities are external to the group. Depending on whether group has the ability to control these monies or whether there is an obligation to return the funds to an external entity influences whether group 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.

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

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

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.

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	
	2022 $	2021 $
Revenue recognised over time		
Handbooks and fees for service	136,988	144,977
Levies	1,471,435	1,719,443
Grant revenue	1,987,835	2,075,273
Subscriptions	1,772,702	1,781,828
	5,368,960	5,721,521
Revenue recognised at a point in time		
Commercial agreements	909,024	851,905
Other revenue	610,094	133,891
	1,519,118	985,796
Revenue	6,888,078	6,707,317

Note 4. Other income

	Consolidated	
	2022 $	2021 $
Sponsorship income	284,268	147,750
Rental income	1,631,110	1,443,432
Interest income	2,574	96
Dividends	271,969	272,153
JobKeeper receipts, cash flow boost (Cth) and Land Tax concessions (Vic)	-	280,032
Gain on disposal of shares in NFF House	-	350,525
Other income	2,189,921	2,493,988

Note 5. Other expenses

	Consolidated 2022 $	Consolidated 2021 $
Affiliation fees	719,260	717,795
Bank fees	57,506	51,676
Building expenses	735,064	790,399
Communication expenses	133,545	122,738
Conference expenses	12,931	77,485
Consultants	653,036	916,467
Elected representatives fees and stipends	518,758	448,547
Insurance	91,135	85,049
Investment manager fees	83,561	88,527
IT support	124,961	350,797
Legal fees	476,068	124,624
Meeting expenses	131,045	48,997
Outsourced services	131,596	200,343
Printing & stationary	28,032	53,621
Promotional/newsletter expenses	319,527	365,133
Rebates to branches and district councils	-	405
Staff travel/motor vehicle costs	66,193	76,042
Subscriptions	45,837	42,903
Sundry expenses & auditors fees	349,292	165,978
	4,677,347	4,727,526

Note 6. Expenses

	Consolidated 2022 $	Consolidated 2021 $
Surplus before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment	334,030	291,627
Right-of-use assets	121,966	156,104
Total depreciation and amortisation expense	455,996	447,731
Finance costs		
Interest and finance charges paid/payable on borrowings	142,305	103,454
Interest and finance charges paid/payable on lease liabilities	3,953	7,714
Finance costs expensed	146,258	111,168
Superannuation expense		
Defined contribution superannuation expense	309,463	298,039

Note 7. Income tax expense

As explained in note 1, the Federation is exempt from income tax by virtue of the Board's self-assessment.

Note 8. Cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Cash at bank	501,502	468,494
Cash on hand	858	1,580
	502,360	470,074

Note 9. Trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Trade receivables	782,476	187,754
Accrued income	450,313	266,948
	1,232,789	454,702
Non-current assets		
Loan receivable from Flower and Garden Show Ltd	-	187,500
Less: Allowance for expected credit losses	-	(187,500)
	-	-
	1,232,789	454,702

Note 10. Other financial assets

	Consolidated 2022 $	Consolidated 2021 $
Current assets - financial assets at fair value through profit or loss		
Managed investment portfolio (with investment managers)	9,339,856	10,517,779

Note 11. Right-of-use assets

	Consolidated 2022 $	Consolidated 2021 $
Non-current assets		
Office equipment - right-of-use	252,335	324,797
Less: Accumulated depreciation	(156,621)	(157,115)
	95,714	167,682
Motor vehicles - right-of-use	149,988	149,988
Less: Accumulated depreciation	(134,017)	(84,021)
	15,971	65,967
	111,685	233,649

No additions during the year.

Note 11. Right-of-use assets (continued)

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 2021	167,683	65,966	233,649
Depreciation expense	(71,969)	(49,995)	(121,964)
Balance at 30 September 2022	95,714	15,971	111,685

Note 12. Other current assets

	Consolidated	
	2022 $	**2021 $**
Non-financial assets		
Prepayments	78,724	46,846

Note 13. Investment properties

	Consolidated	
	2022 $	**2021 $**
Non-current assets		
Farrer house property at fair value	41,112,657	30,886,969

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

Opening fair value	30,886,969	30,288,555
Additions	-	379,599
Reclassification from/(to) property, plant and equipment	-	218,815
Revaluation increments	10,225,688	-
Closing balance	41,112,657	30,886,969

Note 13. Investment properties (continued)

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% (2021: 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 at 30 September 2022 was performed by Charter Keck Cramer and the valuation report was signed on 14 November 2022 which resulted in a valuation of $48,500,000.

The key assumptions used by the independent valuer (and adopted by the directors) in determining fair value of the Farrer House property at 30 September 2022 were:

Assessed net rental income - $2,178,496
Capitalisation rate - 4.25%
Yield - 4.25%
Expected vacancy rate - 7%

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 2022 (2021: $Nil).

	Consolidated	
	2022	**2021**
	$	**$**
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	1,506,628	1,236,792
Between 1 & 5 years	3,315,188	3,606,447
Greater than 5 years	-	11,115
	4,821,816	4,854,354

Note 14. Property, plant and equipment

	Consolidated 2022 $	Consolidated 2021 $
Non-current assets		
Land & buildings (Farrer House) at fair value	7,387,343	5,493,442
Less: Accumulated depreciation	-	(382,093)
	7,387,343	5,111,349
Furniture and fittings - at cost	73,614	70,516
Less: Accumulated depreciation	(15,414)	(6,500)
	58,200	64,016
Office equipment - at cost	232,125	212,113
Less: Accumulated depreciation	(144,971)	(109,537)
	87,154	102,576
Office fitout costs - at cost	2,127,648	2,127,648
Less: Accumulated depreciation	(1,451,330)	(1,299,190)
	676,318	828,458
	8,209,015	6,106,399

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 2021	5,111,349	64,016	-	102,576	828,458	-	6,106,399
Additions	97,793	3,098	-	20,012	-	-	120,903
Revaluation increments	2,315,743	-	-	-	-	-	2,315,743
Depreciation expense	(137,542)	(8,914)	-	(35,434)	(152,140)	-	(334,030)
Balance at 30 September 2022	7,387,343	58,200	-	87,154	676,318	-	8,209,015

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 % (2021: 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 effective 30 September 2022 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. This resulted in a valuation of $48,500,000, which the directors have adopted as fair value in the financial report.

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

Note 14. Property, plant and equipment (continued)

	Consolidated	
	2022	2021
	$	$
Total value of Farrer House property:		
Classified as property, plant and equipment	7,387,343	5,111,349
Classified as investment property	41,112,657	30,886,969
	48,500,000	35,998,318

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	
	2022	2021
	$	$
Current liabilities		
Trade payables	778,746	931,370
Sundry payables	274,012	170,590
	1,052,758	1,101,960

Note 16. Contract liabilities

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Prepaid subscriptions	875,147	803,601
Deferred grant revenue	1,041,427	1,334,728
	1,916,574	2,138,329

Note 17. Borrowings

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Secured borrowings (Westpac)	5,149,872	5,149,872
Secured lending facility (Credit Suisse)	2,877,842	867,908
Deposits	80,899	87,442
	8,108,613	6,105,222

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 $9,339,856 (2021: $10,517,779).

Note 17. Borrowings (continued)

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	
	2022	2021
	$	$
Current liabilities		
Lease liability	68,371	120,355
Non-current liabilities		
Lease liability	46,873	118,111
	115,244	238,466
Future lease payments		
Future lease payments are due as follows:		
Within one year	68,371	139,892
One to five years	46,873	115,244
	115,244	255,136

Note 19. Provisions

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Employee entitlements - annual leave	212,786	211,308
Employee entitlements - long service leave	24,474	21,580
	237,260	232,888
Non-current liabilities		
Employee entitlements - long service leave	71,592	67,743
	308,852	300,631

Note 20. Other current liabilities

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Deposits (non-interest bearing)	367,003	367,004

Note 21. Reserves

	Consolidated	
	2022	2021
	$	$
Asset revaluation reserve	15,727,945	13,412,202

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

Note 22. Retained surpluses

	Consolidated	
	2022	2021
	$	$
Retained surpluses at the beginning of the financial year	25,052,604	23,699,345
Surplus after income tax expense for the year	7,937,493	1,353,259
Retained surpluses at the end of the financial year	32,990,097	25,052,604

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Australia, the auditor of the company, and its network firms:

	Consolidated	
	2022	2021
	$	$
Audit services - Grant Thornton Australia		
Audit of the financial statements	55,300	56,450
Other services	11,400	8,000
	66,700	64,450

Note 24. Contingent liabilities

At balance date the group is involved in legal matters, none of which the directors believe will result in a material liability.

Note 25. Related party transactions

Parent entity
Victorian Farmers Federation is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Transactions with related parties
Disclosures relating to key management personnel remuneration are set out in note 26.

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 26. 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	
	2022	2021
	$	$
Remuneration received by all Directors & Committee members	419,359	493,193

	Consolidated	
	2022	2021
Remuneration of other key management personnel	1,297,483	1,512,093

Note 27. 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	
	2022	2021
	$	$
Total facilities		
Secured borrowings (Westpac)	5,150,000	5,150,000
Secured lending facility (Credit Suisse)	5,000,000	5,000,000
Total facilities	10,150,000	10,150,000

	Consolidated	
	2022	2021
Used facilities at reporting date		
Secured borrowings (Westpac)	5,149,872	5,149,872
Secured lending facility (Credit Suisse)	2,877,842	867,908
Total used facilities	8,027,714	6,017,780

	Consolidated	
	2022	2021
	$	$
Unused facilities at reporting date		
Secured borrowings (Westpac)	128	128
Secured lending facility (Credit Suisse)	2,122,158	4,132,092
Total unused facilities	2,122,286	4,132,220

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2022 $	Parent 2021 $
Surplus after income tax	7,937,493	1,353,262
Total comprehensive income	10,253,236	1,353,262

Statement of financial position

	Parent 2022 $	Parent 2021 $
Total current assets	11,134,002	11,320,392
Total assets	61,917,360	49,897,409
Total current liabilities	13,012,771	11,178,667
Total liabilities	13,131,238	11,364,519
Equity		
Asset revaluation reserve	15,727,945	13,412,202
Retained surpluses	33,058,177	25,120,688
Total equity	48,786,122	38,532,890

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

Contingent liabilities
At balance date the group is involved in legal matters, none of which the directors believe will result in a material liability.

Capital commitments
The parent entity had no capital commitments as at 30 September 2022 (2021: $Nil).

Note 29. 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 2022 %	Ownership interest 2021 %
Victorian Farmers Federation Property Trust Ltd	Australia	100.00%	100.00%
Farrer House Ltd	Australia	100.00%	100.00%

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. Events after the reporting period

Brendan Tatham replaced Robert Taylor as interim CEO on 22 November 2022.

No other matter or circumstance has arisen since 30 September 2022 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.

Victorian Farmers Federation and its controlled entities
Directors' declaration
30 September 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 September 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- 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

14 December 2022
Melbourne

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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 2022, 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 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 2022, 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 Standard – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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, 14 December 2022