

Victorian Farmers Federation and its controlled entities

ABN 67 079 980 304

Financial Report - 30 September 2023

Victorian Farmers Federation and its controlled entities
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30 September 2023

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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 13 December 2023.

Victorian Farmers Federation and its controlled entities
Directors' report
30 September 2023

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 2023.

Directors

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

Emmanuele Germano
Nathan Free
Andrew Dix (ceased 26 April 2023)
Ashley Fraser (ceased 13 February 2023)
Timothy Kingma (ceased 24 April 2023)
Steven Harrison (ceased 10 December 2022)
Danyel Cucinotta
Zena Burgess (ceased 30 December 2022)
Craig Dwyer
Peter Star (appointed 23 December 2022 and ceased 25 July 2023)
Craig Henderson (appointed 13 February 2023 and ceased 25 July 2023)
Margaret Parkinson (appointed 26 April 2023 and ceased 25 July 2023)
James Downing (appointed 26 July 2023)
Colin Peel (appointed 28 August 2023)
Terrie Morgan (appointed 13 November 2023)

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 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 \$404,495 (30 September 2022: \$7,937,493) and the total comprehensive income amounted to \$404,495 (30 September 2022: \$10,253,236).

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

No matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity'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.

Victorian Farmers Federation and its controlled entities
Directors' report
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Shares under option

There were no ordinary shares of the Victorian Farmers Federation issued on the exercise of options during the year ended 30 September 2023 and up to 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 2023 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.

**Victorian Farmers Federation and its controlled entities
Directors' report
30 September 2023**

Information on directors

Name: Emmanuele Germano
Title: VFF President
Qualifications: Nuffield Scholarship, Cert 4 agriculture, GAICD, Diploma business management and Cert 4 TAE.
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 entity Farrer House Ltd and, Chair of VFF Policy Council, Ex officio member of all VFF Board sub-committees

Name: Danyel Cucinotta
Title: VFF Vice President
Qualifications: GAICD, Bachelor of Business Management, 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 Ltd.

Name: Ashley Fraser
Title: Director (ceased 13 February 2023)
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 (ceased 30 December 2022)
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 (ceased 26 April 2023)
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 entity Farrer House Ltd.

Name: Timothy Kingma
Title: Director (ceased 24 April 2023)
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.

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Directors' report
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Name: Steven Harrison
Title: Director (ceased 10 December 2022)
Qualifications: B.Agriculture, ARLP Graduate
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 Engagement Committee and Director of VFF Property Trust Ltd and VFF controlled entity Farrer House Ltd.

Name: Craig Dwyer
Title: Director
Qualifications: AICD
Experience and expertise: Murray Goulburn Director September 2016 to May 2018, Chair of the MG Supplier Relations Committee October 2017 to May 2018, Member of the Remuneration & Compliance Committee October 2017 to May 2018, Member of Saputo Pricing, Personnel Relations Committee June 2018 to October 2019, UDV Policy Council May 2019 to July 2023, UDV Vice President May 2022 to July 2023, ADF National Councillor June 2022 to November 2023.
Special responsibilities: Member of VFF Risk Audit & Finance Committee

Name: Peter Star
Title: Director (appointed 23 December 2022 and ceased 25 July 2023)
Qualifications: Not applicable
Experience and expertise: Livestock Council Representative, VFF Board – Risk Audit & Finance Committee member, VFF Livestock Council Vice President, North East Representative VFF Livestock Council, Member of the VFF Land Management Committee, VFF Spokesperson on Wild Dogs, VFF representative to the National Wild Dog Action Plan Stakeholder Consultative Group.
Special responsibilities: Not applicable

Name: Craig Henderson
Title: Director (appointed 13 February 2023 and ceased 25 July 2023)
Qualifications: Not applicable
Experience and expertise: Not applicable
Special responsibilities: Not applicable

Name: Margaret Parkinson
Title: Director (appointed 26 April 2023 and ceased 25 July 2023)
Qualifications: Securities Industry Certificate and a Registered Organisation qualification with AICD.
Experience and expertise: President of VFF Egg Group and represents Gippsland on the VFF Water Council.
Special responsibilities: Not applicable

Name: James Downing
Title: Director (appointed 26 July 2023)
Qualifications: MBus, BBus, FCPA, GAICD
Experience and expertise: Current Chair QTAC (Queensland Tertiary Admissions Centre) since 2017. Dhelkaya Health (Castlemaine Health) Non Executive Director and Member of the Audit, Finance & Risk Committee since 2017, Member of the Audit, Risk & Compliance Committee SWTafe since 2020. Previous boards, (AAPM) Australian Association of Practice Management, 2017-2022 Non Executive Director and member of the Finance, Audit & Risk Management Committee. 2006 to 2016, Non Executive Director and Chair Uniting Care Knox. 2006 to 2016 Chair CPA Corporate Committee. Extensive experience in Cyber Security, Financial Management, Finance, Project management, IT strategy and governance, Community Stakeholder engagement, Enterprise Risk Management
Special responsibilities: None.

**Victorian Farmers Federation and its controlled entities
Directors' report
30 September 2023**

Name: Colin Peel
 Title: Director (appointed 28 August 2023)
 Qualifications: Diploma in Agriculture Science (LAC 1974), Executive Development Program Rabobank.
 Experience and expertise: Currently Director: Peel Ag P/L and Southern Plains Agriculture P/L. Also has been farming for 45 years.
 Special responsibilities: Member of VFF Governance and Strategy Committee.

Name: Terrie Morgan
 Title: Director (appointed 13 November 2023)
 Qualifications: Bachelor of Agriculture, Bachelor of Law, Graduate Diploma of Legal Practice, Australian Agribusiness Leadership Program Graduate, Practising Lawyer State of Victoria
 Experience and expertise: Current: Company Secretary Qualitas Ltd. Prior: Company Secretary and Legal Counsel Nufarm Ltd, Chief Commercial Officer Hassad Australia. Grain trading, legal and risk management roles.
 Special responsibilities: Member Risk, Governance and Remuneration Committee.

Meetings of directors

The number of meetings of the directors held during the year ended 30 September 2023, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
Emmanuele Germano	7	7
Nathan Free	7	7
Andrew Dix (ceased 26 April 2023)	4	4
Ashley Fraser (ceased 13 February 2023)	2	2
Timothy Kingma (ceased 24 April 2023)	4	4
Steven Harrison (ceased 10 December 2022)	2	1
Danyel Cucinotta	7	7
Zena Burgess (ceased 30 December 2022)	2	-
Craig Dwyer	7	7
Peter Star (appointed 23 December 2022 and ceased 25 July 2023)	3	3
Craig Henderson (appointed 13 February 2023 and ceased 25 July 2023)	3	3
Margaret Parkinson (appointed 26 April 2023 and ceased 25 July 2023)	1	1
James Downing (appointed 26 July 2023)	2	2
Colin Peel (appointed 28 August 2023)	2	1
Terrie Morgan (appointed 13 November 2023)	0	0

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 \$38,350 based on 3,835 current ordinary members of the Victorian Farmers Federation at 30 September 2023.

**Victorian Farmers Federation and its controlled entities
Directors' report
30 September 2023**

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



James Downing
Director

13 December 2023
Melbourne

**AUDITORS INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VICTORIAN FARMERS FEDERATION & AND ITS CONTROLLED
ENTITIES**

To the Board of Directors

As lead engagement partner for the audit of Victorian Farmers Federation and its controlled entities for the year ended 30 September 2023, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DFK Kidsons Partnership

DFK Kidsons Partnership

Robert Wernli

Robert Wernli
Partner

Melbourne
13 December 2023

Victorian Farmers Federation and its controlled entities
Statement of profit or loss and other comprehensive income
For the year ended 30 September 2023

	Note	Consolidated	
		2023 \$	2022 \$
Revenue	3	5,045,147	6,888,078
Other income	4	3,186,701	2,189,921
Expenses			
Employee expenses		(2,951,570)	(3,863,088)
Other expenses	5	(4,033,124)	(4,677,347)
Short-term and low-value lease expense		(3,594)	(162)
Grant rebates paid		(740)	(687,287)
Depreciation and amortisation expense	6	(434,565)	(455,996)
Finance costs	6	(350,503)	(146,258)
Advertising		(53,257)	(175,618)
Operating surplus/(deficit) before revaluations		404,495	(927,757)
Net fair value gain/(loss) on revaluation of financial assets		-	(1,360,438)
Net fair value gain/(loss) on revaluation of investment properties	13	-	10,225,688
Surplus before income tax expense		404,495	7,937,493
Income tax expense	7	-	-
Surplus after income tax expense for the year		404,495	7,937,493
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		-	2,315,743
Other comprehensive income		404,495	2,315,743
Total comprehensive income for the year		404,495	10,253,236

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 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	2,397,675	502,360
Trade and other receivables	9	704,735	1,232,789
Other financial assets	10	3,500,000	9,339,856
Other current assets	12	47,143	78,724
Total current assets		<u>6,649,553</u>	<u>11,153,729</u>
Non-current assets			
Investment properties	13	41,206,932	41,112,657
Property, plant and equipment	14	7,901,260	8,209,015
Right-of-use assets	11	78,386	111,685
Total non-current assets		<u>49,186,578</u>	<u>49,433,357</u>
Total assets		<u>55,836,131</u>	<u>60,587,086</u>
Liabilities			
Current liabilities			
Trade and other payables	15	983,498	1,052,758
Contract liabilities	16	1,447,595	1,916,574
Borrowings	17	3,581,881	8,108,613
Lease liabilities	18	20,211	68,371
Provisions	19	210,814	237,260
Other current liabilities	20	367,003	367,003
Total current liabilities		<u>6,611,002</u>	<u>11,750,579</u>
Non-current liabilities			
Lease liabilities	18	60,545	46,873
Provisions	19	42,047	71,592
Total non-current liabilities		<u>102,592</u>	<u>118,465</u>
Total liabilities		<u>6,713,594</u>	<u>11,869,044</u>
Net assets		<u>49,122,537</u>	<u>48,718,042</u>
Equity			
Reserves	21	15,727,945	15,727,945
Retained surpluses	22	33,394,592	32,990,097
Total equity		<u>49,122,537</u>	<u>48,718,042</u>

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 2023

Consolidated	Asset Revaluation Reserves \$	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	<u>2,315,743</u>	<u>-</u>	<u>2,315,743</u>
Total comprehensive income for the year	<u>2,315,743</u>	<u>7,937,493</u>	<u>10,253,236</u>
Balance at 30 September 2022	<u>15,727,945</u>	<u>32,990,097</u>	<u>48,718,042</u>

Consolidated	Asset Revaluation Reserve \$	Retained Surpluses \$	Total equity \$
Balance at 1 October 2022	15,727,945	32,990,097	48,718,042
Total comprehensive income for the year	<u>-</u>	<u>404,495</u>	<u>404,495</u>
Balance at 30 September 2023	<u>15,727,945</u>	<u>33,394,592</u>	<u>49,122,537</u>

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 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		8,421,068	8,583,975
Payments to suppliers and employees		(8,287,226)	(10,256,723)
Interest received		12,726	2,574
Interest paid		(350,503)	(146,258)
Net cash used in operating activities		<u>(203,935)</u>	<u>(1,816,432)</u>
Cash flows from investing activities			
Net fair value movement on financial assets		-	(182,517)
Dividends received and reinvested		137,943	271,969
Proceeds from disposal of other financial assets		10,210,313	-
Payments for other financial assets		(3,500,000)	-
Payments for investment property		(94,275)	-
Payments for property, plant and equipment		(42,539)	(120,903)
Net cash used in investing activities		<u>6,711,442</u>	<u>(31,451)</u>
Cash flows from financing activities			
Repayment of borrowings		(4,526,732)	-
Proceeds from borrowings		-	2,003,391
Repayment of principal of lease liabilities		(85,460)	(123,222)
Net cash used in financing activities		<u>(4,612,192)</u>	<u>1,880,169</u>
Net increase/(decrease) in cash and cash equivalents		1,895,315	32,286
Cash and cash equivalents at the beginning of the financial year		<u>502,360</u>	<u>470,074</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>2,397,675</u></u>	<u><u>502,360</u></u>

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

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
30 September 2023

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.

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 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 consolidated entity'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 consolidated entity 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.

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.

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
30 September 2023

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 consolidated entity'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 consolidated entity'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.

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Notes to the financial statements
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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 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.

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
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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 value 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 the 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 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.

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
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Note 1. Significant accounting policies (continued)

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 consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

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

Note 1. Significant accounting policies (continued)

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 respect 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 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 deposits

The consolidated entity holds monies on behalf of a number of entities. Depending on whether the entity has the ability to control these monies or whether there is an obligation to return the funds to an external entity influences whether the consolidated entity 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.

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.

Victorian Farmers Federation and its controlled entities
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Note 3. Revenue

	Consolidated	
	2023	2022
	\$	\$
<i>Revenue recognised over time</i>		
Handbooks and fees for service	136,712	136,988
Levies	1,230,313	1,471,435
Grant revenue	1,031,311	1,987,835
Subscriptions	1,792,861	1,772,702
	<u>4,191,197</u>	<u>5,368,960</u>
<i>Revenue recognised at a point in time</i>		
Commercial agreement	847,449	909,024
Other revenue	6,501	610,094
	<u>853,950</u>	<u>1,519,118</u>
Revenue	<u><u>5,045,147</u></u>	<u><u>6,888,078</u></u>

Note 4. Other income

	Consolidated	
	2023	2022
	\$	\$
Sponsorship income	364,306	284,268
Rental income	1,740,998	1,631,110
Interest income	72,997	2,574
Dividends	137,943	271,969
Net gain on sale of financial assets	870,457	-
Other income	<u><u>3,186,701</u></u>	<u><u>2,189,921</u></u>

Note 5. Other expenses

	Consolidated	
	2023	2022
	\$	\$
Affiliation fees	657,700	719,260
Bank fees	38,257	57,506
Building expenses	845,717	735,064
Communication expenses	149,977	133,545
Conference expenses	116,086	12,931
Consultants	472,161	639,043
Elected representatives fees and stipends	425,610	518,758
Insurance	87,064	91,135
Investment manager fees	39,358	83,561
IT support	73,348	124,961
Legal fees	268,292	490,061
Meeting expenses	58,020	131,045
Outsourced services	345,285	131,596
Printing & stationary	14,289	28,032
Promotional/newsletter expenses	97,032	319,527
Staff travel/motor vehicle costs	92,509	66,193
Subscriptions	8,646	45,837
Sundry expenses & auditors fees	243,773	349,292
	<u><u>4,033,124</u></u>	<u><u>4,677,347</u></u>

Victorian Farmers Federation and its controlled entities
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Note 6. Expenses

	Consolidated	
	2023	2022
	\$	\$
Surplus before income tax includes the following specific expenses:		
Property, Plant and equipment		
Right-of- use assets	350,294	334,030
	<u>84,271</u>	<u>121,966</u>
Total depreciation and amortisation expense	<u>434,565</u>	<u>455,996</u>
Finance costs		
Interest and finance charges paid/payable on borrowings	347,834	142,305
Interest and finance charges paid/payable on lease liabilities	2,669	3,953
	<u>350,503</u>	<u>146,258</u>
Finance costs expensed	<u>350,503</u>	<u>146,258</u>
Superannuation expense		
Defined contribution superannuation expense	247,278	309,463
	<u>247,278</u>	<u>309,463</u>

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	
	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	2,397,675	501,502
Cash on hand	-	858
	<u>2,397,675</u>	<u>502,360</u>

Note 9. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	155,814	782,476
Less: Provision for doubtful debts	(9,900)	-
	<u>145,914</u>	<u>782,476</u>
Accrued income	552,866	450,313
Receivable from Victorian Farmers Disaster Relief Fund	5,955	-
	<u>704,735</u>	<u>1,232,789</u>

Victorian Farmers Federation and its controlled entities
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Note 10. Other financial assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Financial assets at fair value through profit or loss Managed investment portfolio (with investment managers)	-	9,339,856
Term deposits	3,500,000	-
Maturity greater than 3 months and less than 12 months		
	<u>3,500,000</u>	<u>9,339,856</u>

Note 11. Right -of-use-assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Office equipment – right-of-use	272,320	252,335
Less: Accumulated depreciation	(218,821)	(156,621)
	<u>53,499</u>	<u>95,714</u>
Motor vehicles – right-of-use	50,430	149,988
Less: Accumulated depreciation	(25,543)	(134,017)
	<u>24,887</u>	<u>15,971</u>
	<u>78,386</u>	<u>111,685</u>

Additions to the right-of-use assets during the year were \$54,446 and depreciation charged to profit or loss was \$84,271.

The consolidated entity leases office equipment & motor vehicles under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 12: Other current assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-financial assets</i>		
Prepayments	<u>47,143</u>	<u>78,724</u>

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
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Note 13. Investment properties

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Farrer house property at fair value	<u>41,206,932</u>	<u>41,112,657</u>

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	41,112,657	30,886,969
Additions	94,275	-
Disposals	-	-
Revaluation increments	-	10,225,688
Closing balance	<u>41,206,932</u>	<u>41,112,657</u>

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 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.

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 2023 (2022: \$Nil).

Lessor commitments

	Consolidated	
	2023	2022
	\$	\$
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	1,384,819	1,506,628
Between 1 & 5 years	<u>2,168,498</u>	<u>3,315,188</u>
	<u>3,553,317</u>	<u>4,821,816</u>

Victorian Farmers Federation and its controlled entities
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Note 14. Property, plant and equipment

	Consolidated	
	2023	2022
	\$	\$
Land & buildings (Farrer House) at fair value	7,387,343	7,387,343
Less: Accumulated depreciation	(147,896)	–
	<u>7,239,447</u>	<u>7,387,343</u>
Furniture and fittings - at cost	107,553	73,614
Less: Accumulated depreciation	(24,678)	(15,414)
	<u>82,875</u>	<u>58,200</u>
Office equipment - at cost	240,725	232,125
Less: Accumulated depreciation	(185,964)	(144,971)
	<u>54,761</u>	<u>87,154</u>
Office fitout costs - at cost	2,127,648	2,127,648
Less: Accumulated depreciation	(1,603,471)	(1,451,330)
	<u>524,177</u>	<u>676,318</u>
	<u><u>7,901,260</u></u>	<u><u>8,209,015</u></u>

Reconciliations

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

Consolidated	Land & building \$	Furniture and fittings \$	Office equipment \$	Office fitout costs \$	Total \$
Balance at 1 October 2022	7,387,343	58,200	87,154	676,318	8,209,015
Additions	–	33,939	8,600	–	42,539
Depreciation expense	(147,896)	(9,264)	(40,993)	(152,141)	(350,294)
Balance at 30 September 2023	<u><u>7,239,447</u></u>	<u><u>82,875</u></u>	<u><u>54,761</u></u>	<u><u>524,177</u></u>	<u><u>7,901,260</u></u>

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 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.

Victorian Farmers Federation and its controlled entities
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Note 14. Property, plant and equipment (continued)

The total valuation adopted by the directors is reconciled below:

	Consolidated	
	2023	2022
	\$	\$
Total value of Farrer House property:		
Classified as property, plant and equipment	7,239,447	7,387,343
Classified as investment property	41,206,932	41,112,657
	<u>48,446,379</u>	<u>48,500,000</u>

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	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	724,592	778,746
Sundry payables	245,971	274,012
Payable to Victorian Farmers Federation Industrial Association	12,935	-
	<u>983,498</u>	<u>1,052,758</u>

Note 16. Contract liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Prepaid subscriptions	587,676	875,147
Deferred grant revenue	859,919	1,041,427
	<u>1,447,595</u>	<u>1,916,574</u>

Note 17. Borrowings

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Secured borrowings (Westpac)	3,500,000	5,149,872
Secured lending facility (Credit Suisse)	-	2,877,842
Deposits	81,881	80,899
	<u>3,581,881</u>	<u>8,108,613</u>

Victorian Farmers Federation and its controlled entities
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Note 17. Borrowings (continued)

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 \$Nil (2022: \$9,339,856).

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	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	20,211	68,371
<i>Non-current liabilities</i>		
Lease liability	60,545	46,873
	80,756	115,244
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	66,986	68,371
One to five years	13,770	46,873
	80,756	115,244

Note 19. Provisions

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Employee entitlements - annual leave	169,347	212,786
Employee entitlements - long service leave	41,467	24,474
	210,814	237,260
<i>Non-current liabilities</i>		
Employee entitlements - long service leave	42,047	71,592
	252,861	308,852

Note 20. Other current liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Deposits (non-interest bearing)	367,003	367,003
	367,003	367,003

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
30 September 2023

Note 21. Reserves

	Consolidated	
	2023	2022
	\$	\$
Asset revaluation reserve	<u>15,727,945</u>	<u>15,727,945</u>

Asset revaluation reserve

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

Note 22. Retained surpluses

	Consolidated	
	2023	2022
	\$	\$
Retained surpluses at the beginning of the financial year	32,990,097	25,052,604
Surplus after income tax expense for the year	<u>404,495</u>	<u>7,937,493</u>
Retained surpluses at the end of the financial year	<u><u>33,394,592</u></u>	<u><u>32,990,097</u></u>

Note 23. Remuneration of auditors

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by DFK Kidsons Partnership, the auditor of the company, and its network firms:

	Consolidated	
	2023	2022
	\$	\$
Audit services – DFK Kidsons Partnership		
Audit of the financial statements	47,000	55,300
Other services	<u>7,500</u>	<u>11,400</u>
	<u><u>54,500</u></u>	<u><u>66,700</u></u>

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.

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
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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.

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	
	2023	2022
	\$	\$
Remuneration received by all Directors & Committee members	<u>414,033</u>	<u>419,359</u>

	Consolidated	
	2023	2022
	\$	\$
Remuneration of other key management personnel	<u>994,794</u>	<u>1,297,483</u>

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	
	2023	2022
	\$	\$
Total facilities		
Secured borrowings (Westpac)	5,150,000	5,150,000
Secured lending facility (Credit Suisse)	<u>–</u>	<u>5,000,000</u>
Total facilities	<u>5,150,000</u>	<u>10,150,000</u>

	Consolidated	
	2023	2022
	\$	\$
Used facilities at reporting date		
Secured borrowings (Westpac)	3,500,000	5,149,872
Secured lending facility (Credit Suisse)	<u>–</u>	<u>2,877,842</u>
Total used facilities	<u>3,500,000</u>	<u>8,027,714</u>

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
30 September 2023

Note 27. Cash flow information (continued)

	Consolidated	
	2023	2022
	\$	\$
Unused facilities at reporting date		
Secured borrowings (Westpac)	1,650,000	128
Secured lending facility (Credit Suisse)	-	2,122,158
	<u>1,650,000</u>	<u>2,122,286</u>
Total unused facilities	<u>1,650,000</u>	<u>2,122,286</u>

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	
	2023	2022
	\$	\$
Surplus after income tax	<u>404,495</u>	<u>7,937,493</u>
Total comprehensive income	<u>404,495</u>	<u>10,253,236</u>

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	<u>6,649,553</u>	<u>11,134,002</u>
Total assets	<u>57,186,133</u>	<u>61,917,360</u>
Total current liabilities	<u>7,892,923</u>	<u>13,012,771</u>
Total liabilities	<u>7,995,515</u>	<u>13,131,238</u>
Equity		
Asset revaluation reserve	15,727,945	15,727,945
Retained surpluses	<u>33,058,178</u>	<u>33,058,117</u>
Total equity	<u>49,190,618</u>	<u>48,786,122</u>

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 2023 (2022: \$Nil).

Victorian Farmers Federation and its controlled entities
Notes to the financial statements
30 September 2023

Note 29. Controlled entities

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023	2022
		%	%
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

No matter or circumstance has arisen since 30 September 2023 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
Director's declaration
30 September 2023


In the director' 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 2023 and of its performance for the financial year ended on that date;
- 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


James Downing
Director

13 December 2023
Melbourne

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VICTORIAN FARMERS FEDERATION & AND ITS CONTROLLED ENTITIES**

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 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2023 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 September 2023, 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 – Simplified Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine necessary to enable the preparation of a 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 relating 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.

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

DFK Kidsons Partnership

DFK Kidsons Partnership

Robert Wernli

Robert Wernli
Partner

Melbourne
13 December 2023