



# **MALLEE SUSTAINABLE FARMING INC**

## **2017 ANNUAL REPORT**

- 1. Chairman's report**
- 2. Executive Officer's report**
- 3. MSF Special Purpose Financial statements & Auditors Report for the  
year ended 30 June 2017**

## Chairman's Report

2017 has been an important year in the 20 year history of Mallee Sustainable Farming as the organisation resets to better face the challenges of the future.

The restructure that MSF has undertaken over the last 12 months has been designed to ensure MSF continues to remain viable and better placed to provide the high quality research and extension we have become well known for, able to continue addressing the priority concerns of our members.

Now as we enter the 21<sup>st</sup> year for Mallee Sustainable Farming, the next stage in that ongoing process will be reviewing MSF's five year strategic plan with the input of members to set a vision for where MSF will be in 2023.

Some of the notable results from this year include holding the very successful Mallee Sustainable Conference - *Our Future in the Global Food System* – which was an opportunity to consider and discuss some of the big issues facing farming across the Mallee. The conference generated a lot of thought provoking conversations and demonstrated the willingness of MSF members to engage in big picture discussions.

Work on the very important Sandy Soils Project is now well underway, a joint project with the GRDC & CSIRO to identify problem sands, investigate primary constraints to crop water use as well as trailing potential practice change.

Now in its third year, the David Roget Award for Excellence is again calling for nominations ahead of the closing date on January 31, 2018.

David Roget was principal research scientist with CSIRO and this award recognises and encourages David's approach in taking research out of the laboratory and into the paddock.

Previous winners include: Michael Moodie, Danny Conlan and Kath Cooper.

If you know someone, group or business, whose contribution to improving the environmental, economic and social sustainability of dryland farming production systems in the Mallee should be recognised, that I would encourage their nomination.

For more information on the David Roget Award for Excellence, please email [admin@msfp.org.au](mailto:admin@msfp.org.au)

On behalf of the board and members, I would like to acknowledge and thank everyone who contributed during the last year to allow Mallee Sustainable Farming to continue to support our members and their communities.

The list includes staff members throughout the year, David Bone, Win Scott, Jenny Bennet, Stuart Putland, Madeliene Mole, Kath Burt along with our contracted service providers, Michael Moodie with his team, Todd, Chris, Mick and more recently Grace, Tanja Morgan, Donna Robertson and Glen Hornsby.

With the members of the board, this is the team who have been responsible for MSF continuing to contribute to practise change in our farming systems in the Mallee region.

Thank you all.

Ian Hastings

Chairman - Mallee Sustainable Farming Inc

## Executive Officer's Report

Mallee Sustainable Farming has a proud history as a farmer led organisation, consistently driving a research, development and extension agenda targeting the challenges faced by farmers across the low rainfall, sandy soils Mallee.

MSF's impact has fundamentally changed the face of farming in the Mallee.

Just five years ago 95% of the Mallee cropping area was planted to cereals, now as a result of MSF's research, the leading Mallee farmers plant a diverse range of crops including field peas, vetch, lentils and chickpeas across 40-50% on average of their cropping area.

To continue driving practice change and more profitable farming systems, some of the potential areas identified in consultation with MSF members to fit the research pathway for future Mallee specific research might include:

- *Pulse crop agronomy for low rainfall farming systems*

Growing high value pulse crops on sandy soils also poses some challenging agronomic and crop management issues. Localised research could focus on managing disease risks and herbicide management for broadleaf control in the break crop. Posing the research question – *How can pulse crops be best managed for productivity and reduce downside risk?*

- *Nutrient management following break crops*

Including a legume crop in the rotation and breaking a continuous cereal rotation brings increased efficiency and improved production, however legumes also take greater quantities of nutrients - Posing the research question - *What is the most appropriate fertiliser management strategy to replace removed nutrients?*

- *Evaluating seeding options*

Historically *zero till* disc seeders have not been considered Mallee appropriate, creating *rhizoctonia* fungal outbreaks which need a *minimum till* tyne for herbicide incorporation. However disc seeders minimise soil disruption and provide operational efficiencies, they can traverse the paddock faster, saving time and fuel - *Do break crops provide an opportunity to use zero till disc seeders in the Mallee?*

- *Salinity caused by Mallee seeps*

Because the low water holding, sandy soils of the Mallee accumulate into a dune swale - during higher than average rains, water drains straight down through the dune until it strikes the clay layer beneath. This recharge then exits at the base of the swale, creating a seep. *Is the problem with Mallee seeps going to get worse? What management practices should be recommended now to ameliorate the impact of seeps in the future?*

MSF has already begun exploring alternative ways to effectively communicate the lessons learned from our research into our extension program to encourage adoption and uptake.

While agronomic and livestock research will always remain at the centre of MSF's research agenda, the MSF Conference in August demonstrated an appetite from members to consider a broader range of challenges we might face into the future from the impact of technology, business management, labour force recruitment and retention as well as logistics, storage and transport.

One of my challenges as Executive Officer will be investigating a diversified range of potential projects and varied funding sources to ensure that Mallee Sustainable Farming remains viable, relevant and central to the needs of Mallee Farmers.

David Bone

Executive Officer

Mallee Sustainable Farming Inc

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**Mallee Sustainable Farming Incorporated**

**Statement of Comprehensive Income**

**For the Year Ended 30 June 2017**

|  | Note | 2017<br>\$      | 2016<br>\$    |
|--|------|-----------------|---------------|
| Revenue  | 2    | 1,078,396       | 1,249,183     |
| <b>Less: Expenses</b>                            |      |                 |               |
| Research, development and extension expenses     | 3    | (747,950)       | (846,382)     |
| Employee expenses                                | 3    | (202,123)       | (220,996)     |
| Other expenditure on operational activities      | 3    | (155,064)       | (161,940)     |
| Depreciation expense                             | 3    | (15,584)        | (9,564)       |
| Surplus (deficit) before income tax for the year |      | (42,325)        | 10,301        |
| Income tax expense                               | 1(g) | -               | -             |
| <b>Net surplus (deficit) for the year</b>        |      | <b>(42,325)</b> | <b>10,301</b> |
| Other comprehensive income                       |      | -               | -             |
| <b>Total comprehensive income for the year</b>   |      | <b>(42,325)</b> | <b>10,301</b> |

*The above Income Statement should be read in conjunction with the notes to and forming part of these financial statements*

**Mallee Sustainable Farming Incorporated**

**Statement of Financial Position**

**As At 30 June 2017**

|                                      | Note       | 2017<br>\$     | 2016<br>\$     |
|--------------------------------------|------------|----------------|----------------|
| <b>CURRENT ASSETS</b>                |            |                |                |
| Cash and cash equivalents            | 4          | 525,856        | 746,594        |
| Receivables                          | 5          | 140,556        | 74,850         |
| Prepayments                          | 6          | 5,719          | 5,001          |
| <b>TOTAL CURRENT ASSETS</b>          |            | <b>672,131</b> | <b>826,445</b> |
| <b>NON CURRENT ASSETS</b>            |            |                |                |
| Plant and equipment                  | 7          | 46,504         | 25,309         |
| <b>TOTAL NON CURRENT ASSETS</b>      |            | <b>46,504</b>  | <b>25,309</b>  |
| <b>TOTAL ASSETS</b>                  |            | <b>718,635</b> | <b>851,754</b> |
| <b>CURRENT LIABILITIES</b>           |            |                |                |
| Unrecognised project income          | 8,<br>1(f) | 331,969        | 466,295        |
| Payables                             | 9          | 116,323        | 82,901         |
| Employee benefits                    | 10         | 2,281          | 11,291         |
| Chattel Mortgage (Current)           | 11         | 8,962          | -              |
| <b>TOTAL CURRENT LIABILITIES</b>     |            | <b>459,535</b> | <b>560,487</b> |
| <b>NON CURRENT LIABILITIES</b>       |            |                |                |
| Chattel Mortgage (Non-Current)       | 11         | 10,158         | -              |
| <b>TOTAL NON CURRENT LIABILITIES</b> |            | <b>10,158</b>  | <b>-</b>       |
| <b>TOTAL LIABILITIES</b>             |            | <b>469,693</b> | <b>560,487</b> |
| <b>NET ASSETS</b>                    |            | <b>248,942</b> | <b>291,267</b> |
| <b>EQUITY</b>                        |            |                |                |
| Retained surplus                     |            | 178,942        | 221,267        |
| General reserve                      | 1(h)       | 70,000         | 70,000         |
| <b>TOTAL EQUITY</b>                  |            | <b>248,942</b> | <b>291,267</b> |

*The above Statement of Financial Positions should be read in conjunction with the notes to and forming part of these financial statements*

**Mallee Sustainable Farming Incorporated**

**Statement of Changes in Equity  
For the Year Ended 30 June 2017**

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|                                     | <b>Note</b> | <b>Total<br/>2017<br/>\$</b> | <b>Total<br/>2016<br/>\$</b> | <b>Retained<br/>Surplus<br/>2017<br/>\$</b> | <b>Retained<br/>Surplus<br/>2016<br/>\$</b> | <b>General<br/>Reserve<br/>2017<br/>\$</b> | <b>General<br/>Reserve<br/>2016<br/>\$</b> |
|-------------------------------------|-------------|------------------------------|------------------------------|---|---|--|--|
| <b>Balance at beginning of year</b> |             | 291,267                      | 280,966                      | 221,267                                     | 210,966                                     | 70,000                                     | 70,000                                     |
| Surplus (deficit) for the year      |             | (42,325)                     | 10,301                       | (42,325)                                    | 10,301                                      | -  | -  |
| Transfer to (from) reserves         | 1(h)        | -                            | -                            | -   | -   | -  | -  |
| <b>Balance at end of year</b>       |             | <b>248,942</b>               | <b>291,267</b>               | <b>178,942</b>                              | <b>221,267</b>                              | <b>70,000</b>                              | <b>70,000</b>                              |

*The above Statement of Changes in Equity should be read in conjunction with the notes to and forming part of these financial statements*

**Mallee Sustainable Farming Incorporated**

**Statement of Cash Flows**

**For the Year Ended 30 June 2017**

|  | Note  | 2017<br>\$     | 2016<br>\$     |
|--|-------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                 |       |                |                |
| Operating grants received                                  |       | 938,272        | 1,280,284      |
| Receipts from sponsorship and other                        |       | 30,275         | 28,628         |
| Interest received  |       | 3,040          | 8,903          |
| Payments to employees                                      |       | (212,142)      | (219,339)      |
| Payments to contractors and suppliers                      |       | (966,157)      | (1,171,136)    |
| GST Paid   |       | 4,565          | 3,639          |
| <i>Net cash provided by (used in) operating activities</i> | 17(b) | (202,147)      | (69,021)       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                 |       |                |                |
| Payment for plant and equipment                            |       | (9,779)        | (7,793)        |
| <i>Net cash used in investing activities</i>               |       | (9,779)        | (7,793)        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                 |       |                |                |
| Repayment of chattel mortgage                              |       | (8,812)        | (7,722)        |
| <i>Net cash used in financing activities</i>               |       | (8,812)        | (7,722)        |
| Net (decrease) increase in cash held for the year          |       | (220,738)      | (84,536)       |
| Cash at beginning of year                                  |       | 746,594        | 831,130        |
| <b>Cash at end of year</b>                                 | 17(a) | <b>525,856</b> | <b>746,594</b> |

*The above Statement of Cash Flows should be read in conjunction with the notes to and forming part of these financial statements*

# **Mallee Sustainable Farming Incorporated**

## **Notes to Financial Statements**

### **For the Year Ended 30 June 2017**

#### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 and the requirements of Section 60-40 of the Australian Charities and Not For Profits Commission Regulations 2013. The Board has determined that the association is not a reporting entity.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar. All amounts are presented in Australian dollars.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Reform Act 2012 and the following Australian Accounting Standards:

|            |   |
|------------|---|
| AASB 101:  | Presentation of Financial Statements                            |
| AASB 107:  | Cash Flow Statement   |
| AASB 108:  | Accounting Policies, Changes in Accounting Estimates and Errors |
| AASB 110:  | Events After the Balance Sheet Date                             |
| AASB 1031: | Materiality   |

No other applicable Accounting Standards, Interpretations or other alternative pronouncements of the Australian Accounting Standards Board have been applied.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

**(a) Plant & Equipment**

Each class of plant and equipment is carried at cost. The depreciable amount of fixed assets is depreciated over their expected useful lives commencing from the time the asset is held ready for use.

**(b) Rounding**

Amounts shown in the financial report are in whole dollars unless otherwise stated. Amounts have been rounded up or down to the nearest dollar.

**(c) Goods & Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

**(d) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing less than three months, net of bank overdrafts

**Mallee Sustainable Farming Incorporated**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2017**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

**(e) Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other 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.

**(f) Revenue**

Project funding which arises from contractual relationships for the provision of agricultural research and extension and rural community development services is recognised initially as a liability in the statement of financial position and classified as unrecognised project income. Project funding is then brought to account as income progressively as services required under project contracts are delivered. Surpluses arising from projects are recognised when they are reasonably assured, usually near the end of the project, while losses are recognised as they become apparent.

Revenue from the provision of other services is recognised upon the delivery of those services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(g) Income Tax**

Mallee Sustainable Farming Inc. is a not for profit community based organisation which is exempt from income tax.

**(h) General Reserve**

The Board has resolved to create a general reserve from the retained surplus to set aside sufficient funds to cover the costs of a managed winding up Mallee Sustainable Farming Incorporated should that eventuality ever become necessary. It is the Board's intention that this reserve should be backed by liquid funds or investments at all times.

**Mallee Sustainable Farming Incorporated**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2017**

|                          | <b>2017</b> | <b>2016</b> |
|--------------------------|-------------|-------------|
|                          | \$          | \$          |
| <b>NOTE 2: REVENUE</b>   |             |             |
| Operating activities:    |             |             |
| - Project Funding        | 1,047,833   | 1,212,420   |
| Non-operating activities |             |             |
| - Interest Received      | 3,040       | 8,903       |
| - Sponsorship            | 26,159      | 23,875      |
| - Other Revenue          | 1,364       | 3,985       |
|                          | 30,563      | 36,763      |
| <br>Total Revenue        | 1,078,396   | 1,249,183   |

|   |         |         |
|---|---------|---------|
| <b>NOTE 3: EXPENSES</b>   |         |         |
| Research, development and extension                                     |         |         |
|   | 747,950 | 846,382 |
| Employment Expenses   | 202,123 | 220,996 |
| Communication   | 5,913   | 15,103  |
| Board Expenses  | 45,793  | 34,800  |
| Other Administration  | 103,358 | 112,037 |
| Total Operational costs   | 155,064 | 161,940 |
| Depreciation Expense  | 15,584  | 9,564   |
| <b>Remuneration of auditor (included in Other Administration above)</b> |         |         |
| - audit or review services  | 2,500   | 2,300   |
| - other services  | -       | -       |
| Total Remuneration  | 2,500   | 2,300   |

**NOTE 4: CASH AND CASH EQUIVALENTS**

|              |         |         |
|--------------|---------|---------|
| Cash on Hand | -       | -       |
| Cash at Bank | 525,856 | 746,594 |
|              | 525,856 | 746,594 |

**NOTE 5: RECEIVABLES**

|                                   |         |        |
|-----------------------------------|---------|--------|
| Trade Debtors                     | 137,656 | 71,950 |
| Other Debtors                     | 2,900   | 2,900  |
| Less Provision for Doubtful Debts | -       | -      |
|                                   | 140,556 | 74,850 |

**Mallee Sustainable Farming Incorporated**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2017**

|                                      | 2017     | 2016     |
|--------------------------------------|----------|----------|
|                                      | \$       | \$       |
| <b>NOTE 6: PREPAYMENTS</b>           |          |          |
| Prepaid Insurance                    | 5,719    | 5,001    |
|                                      | 5,719    | 5,001    |
| <b>NOTE 7: PLANT &amp; EQUIPMENT</b> |          |          |
| Plant & equipment at cost            | 34,866   | 34,866   |
| Less accumulated depreciation        | (28,871) | (26,616) |
|                                      | 5,995    | 8,250    |
| <br>                                 |          |          |
| Motor vehicles at cost               | 75,114   | 38,335   |
| Less accumulated depreciation        | (34,605) | (21,276) |
|                                      | 40,509   | 17,059   |
|                                      |          |          |
|                                      | 46,504   | 25,309   |

**Movements in carrying amounts**

|                       | Plant &<br>Equipment | Motor<br>Vehicles |
|-----------------------|----------------------|-------------------|
|                       | \$                   | \$                |
| Balance, 1 July 2015  | 2,929                | 24,151            |
| Additions             | 7,793                | -                 |
| Disposals             | -                    | -                 |
| Depreciation expense  | (2,472)              | (7,092)           |
| Balance, 30 June 2016 | 8,250                | 17,059            |
| Additions             | -                    | 36,779            |
| Depreciation expense  | (2,255)              | (13,329)          |
| Balance, 30 June 2017 | 5,995                | 40,509            |

**NOTE 8: MOVEMENT IN UNSPENT PROJECT FUNDS**

|   |             |
|---|-------------|
|   | \$          |
| Balance, 1 July 2015                            | 640,416     |
| Project funding received                        | 1,034,458   |
| Project funding brought to<br>account as income | (1,208,579) |
| Balance, 30 June 2016                           | 466,295     |
| <br>  |             |
| Project funding received                        | 913,233     |
| Project funding brought to<br>account as income | (1,047,560) |
| Balance, 30 June 2017                           | 331,969     |

**Mallee Sustainable Farming Incorporated**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2017**

|  | <b>2017</b> | <b>2016</b> |
|--|-------------|-------------|
|  | \$          | \$          |
| <b>NOTE 9: PAYABLES</b>                |             |             |
| <i>Unsecured</i>                       |             |             |
| Trade creditors and accruals           | 96,167      | 69,663      |
| Sundry creditors                       | 20,156      | 13,238      |
|  | 116,323     | 82,901      |
| <b>NOTE 10: EMPLOYEE BENEFITS</b>      |             |             |
| <b>Current Liability</b>               |             |             |
| Provision for annual leave             | 2,281       | 11,291      |
|  | 2,281       | 11,291      |
| <b>Non-Current Liability</b>           |             |             |
| Provision for long service leave       | -           | -           |
| Total Employee Benefits                | 2,281       | 11,291      |
| <b>NOTE 11: CHATTEL MORTGAGE</b>       |             |             |
| <b>Current Liability</b>               |             |             |
| Chattel Mortgage (Current)             | 9,616       | -           |
| Deferred Finance Charges (Current)     | (654)       | -           |
|  | 8,962       | -           |
| <b>Non-Current Liability</b>           |             |             |
| Chattel Mortgage (Non-Current)         | 10,417      | -           |
| Deferred Finance Charges (Non-Current) | (259)       | -           |
|  | 10,158      | -           |

**Mallee Sustainable Farming Incorporated**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2017**

**NOTE 12: CONTINGENT LIABILITIES**

At 30 June 2017 the Board is unaware of any liability, contingent or otherwise, which has not already been disclosed elsewhere in the financial statements.

**NOTE 13: CAPITAL COMMITMENTS**

At 30 June 2017, Mallee Sustainable Farming Inc. had no commitments for capital expenditure (2016: \$41,000 for purchase of a motor vehicle)

**NOTE 14: RELATED PARTIES**

The following persons held office on the Board during the financial year and up to and including the date of this report:

|                         |                   |                |
|-------------------------|-------------------|----------------|
| Ian Hastings (Chairman) | Daniel Linklater  | Tim O'Halloran |
| Andrew Biele            | Rick Llewellyn    | Robert Pocock  |
| Paula Gordon            | Allison McTaggart | Ron Storey     |
| Ron Hards (Treasurer)   |                   |                |

**b Transactions with related parties**

Year ended 30 June 2017: \$ nil (year ended 30 June 2016: \$ nil)

**NOTE 15: ASSOCIATION DETAILS**

The principal place of business of the association is:

Mallee Sustainable Farming Incorporated  
1/2103 Fifteenth Street  
Irymple, Vic, 3498

**NOTE 16: EVENTS OCCURRING AFTER REPORTING DATE**

Since the date of preparation of this financial report, there have been no events which require specific disclosure.

**Mallee Sustainable Farming Incorporated**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2017**

|   | 2017             | 2016            |
|---|------------------|-----------------|
|   | \$               | \$              |
| <b>NOTE 17: CASH FLOW INFORMATION</b>   |                  |                 |
| <b>(a) Reconciliation of Cash</b>   |                  |                 |
| Cash on hand  | -                | -               |
| Cash at bank  | 525,856          | 746,594         |
|   | 525,856          | 746,594         |
| <b>(b) Reconciliation of Net Cash provided by Operating Activities to Result from Ordinary Activities after Income Tax:</b> |                  |                 |
| Surplus (deficit) from ordinary activities after income tax   | (42,325)         | 10,301          |
| <b><i>Non Cash Flows in Operating Result:</i></b>   |                  |                 |
| Depreciation  | 15,584           | 9,564           |
| Chattel Mortgage finance charges  | 932              | 334             |
| Provision for Doubtful Debts  | -                | -               |
| Profit on sale of plant & equipment   | -                | -               |
| <b><i>Changes in Assets &amp; Liabilities:</i></b>  |                  |                 |
| Increase/(Decrease) in provisions   | (9,010)          | 516             |
| (Increase)/Decrease in receivables  | (65,706)         | 148,784         |
| (Increase)/Decrease in prepayments  | (718)            | (729)           |
| (Increase)/Decrease in GST receivable   | 8,659            | 9,706           |
| Increase/(Decrease) in creditors & accruals   | 24,764           | (73,376)        |
| Increase/(Decrease) in unrecognised project income  | (134,327)        | (174,121)       |
| <b>Net cash (used in) provided by operating activities</b>  | <b>(202,147)</b> | <b>(69,021)</b> |

**(c)** The association has no credit stand-by or financing facilities in place.

**(d)** There were no non-cash financing or investing activities during the period.

**NOTE 18: ECONOMIC DEPENDENCE**

Mallee Sustainable Farming Incorporated is dependent on agricultural research institutions for the majority of revenue used to operate the entity. Indications for the 2017/18 financial year are that this support is continuing. The entity is continuing to pursue strategies which will diversify its funding base.

# Mallee Sustainable Farming Incorporated

## Statement by Members of the Board

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The Board has determined that Mallee Sustainable Farming Incorporated is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board the financial report:

1. Presents a true and fair view of the financial position of Mallee Sustainable Farming Incorporated as at 30 June 2017 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Mallee Sustainable Farming Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

  
.....  
**IAN HASTINGS**  
**CHAIRMAN**

  
.....  
**RON HARDS**  
**TREASURER**

Dated at Irymple this 4th day of September, 2017

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of Mallee Sustainable Farming Incorporated**

#### **Opinion**

The financial report of Mallee Sustainable Farming Incorporated has been audited. This comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In my opinion, the financial statements of Mallee Sustainable Farming Incorporated present fairly, in all material respects the financial position of Mallee Sustainable Farming Incorporated as of 30 June 2017 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the Associations Incorporation Reform Act 2012 (Vic).

#### **Basis for opinion**

The audit was conducted in accordance with Australian Auditing Standards. Responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statement' section of the report. I am independent of the organisation in accordance with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to the audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

The audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsible persons' responsibility for the financial statement**

The responsible persons of the organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Associations Incorporation Reform Act 2012 (Vic) and for such internal control as the responsible persons determine is necessary to enable the preparation of the financial report free from material misstatement, whether due to fraud or error.

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

The responsible entities are responsible for overseeing the organisation's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statement**

The auditor's 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 my 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.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **To the members of Mallee Sustainable Farming Incorporated**

As part of an audit in accordance with Australian Auditing Standards, professional judgement is exercised and professional scepticism is maintained throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I'm required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. Conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.



Kellie Nulty  
RCA: 298704

Dated this 4<sup>th</sup> day of September 2017