

GRAINS RESEARCH FOUNDATION LIMITED ABN 62 123 027 234

Financial Report for the Year Ended 30 June 2012

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2012.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Damien SCANLAN
Kaye BASFORD
John OBST
Wayne NEWTON
Ronald THOMPSON (Resigned May 2012)
John MOLONEY

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of entity secretary at the end of the financial year:

Michael Burgis.

Principal Activities

The company's principal activities are:

- To conduct or encourage and assist in the conducting of scientific and economic research in connection with or that is likely to benefit the grain industries;
- To train or encourage and assist in the training of persons for the purposes of carrying out of research as referred to above
- To disseminate information and advice relating to technical matters in connection with the grain industries;
- To publish technical reports, periodicals, books and papers in connection with the grain industries;
- To conduct, according to law, public appeals for funds to assist it in the carrying out of its functions;
- To make donations or gift or allocate funds to other bodies or persons for the purpose of otherwise furthering any of the functions referred to in this section;
- To do and perform such incidental or consequential acts and things as may be necessary or expedient for the promotion of research in the grain industries or otherwise for the performance of its functions.

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating Results

The loss of the entity amounted to \$(127,512.20)

Dividends Paid or Recommended

The Company is a non-profit organisation and does not carry on business for the purpose of profit or gain to its individual Members and no portion of its income, property, profits and financial surplus may be paid, distributed to or transferred, directly, indirectly, by way of dividend, property, bonus or otherwise by way of profit, to the Members, or the Board, or their relatives.

DIRECTORS' REPORT

Review of Operations

A review of operations of the entity during the financial year and the results of those operations are as follows: The board was satisfied that the company would be able to meet all of its obligations for the financial year.

Significant Changes in State of Affairs

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

After Balance Date Events

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

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Environmental Issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

Damien SCANLAN	—	Chairman
Experience	—	Damien is a grain and fat lamb producer. He is actively involved in agribusiness as a consulting agronomist. Damien has played a prominent role in industry organisations including representing the south-west region on the Queensland Grain Growers Association and Agforce Grains.
Kaye Enid BASFORD	—	Director
Qualifications	—	AMusA, BSc (Hons), MLitSt, PhD, FTSE, FAICD, FIS, FAIAST, Astat, CPAg
Experience	—	Prof Kaye Basford initially worked as a biometrician with research experience in the analysis and interpretation of data from large plant breeding experiments. She is Head of the School of Land, Crop and Food Sciences at The University of Queensland. Her staff are concerned with the development of sustainable systems of land management and food production, particularly in the tropics and subtropics, and provide multidisciplinary training across the core areas of soil and water, plant and food sciences.
Other Directorships	—	UQ Sport Union College
Wayne Kenneth NEWTON	—	Director
Experience	—	Wayne is a grain and cotton producer in Dalby and has been an active grain industry representative for many years for growers of this region. He is currently the Northern Region grower representative on the National Grains RD & E Framework Steering Committee. Wayne has been a strong advocate for sustainability and has been at the forefront of conservation farming with a focus on a systems approach. Wayne has recently been involved in study tours examining the United States ethanol industry, and Brazilian grain production systems.

- John MOLONEY** — Director
- Experience — John brings a wealth of knowledge to agribusiness having worked across all facets of the supply chain. He understands the needs of the people involved in agricultural production, processing and the service industries. John is passionate about rural Australia and what it has to offer the broader economy. He understands the need to nurture and develop the human asset.
- John Edward OBST** — Director
- Experience — John has been associated with the northern grain industry since the late 1960's. Initially he spent time managing nutritional research trials in summer and winter crops in Queensland and Northern New South Wales. Following this, John was employed with the Queensland Graingrowers Association focusing on membership, grain accumulation and policy development. During this time he also provided seconded support to the Queensland Wheat and Barley Research Committees and later the Northern Panel GRDC. John then spent several years as state manager for AWB. Most recently John assisted with the incorporation of GRFL while coordinating the 10 RACs in Queensland and New South Wales. John is a strong supporter of grain growers actively participating in the shaping of their RDE program.
- Ronald THOMPSON** — Director (Resigned May 2012)
- Experience — Ronald has been part of the grain industry since the early 1980's. He started in family partnership near Roma and moved to Chinchilla in 1987 where he has run a mixed irrigation cropping and cattle property with his wife. He was one of the early adopters of intensive watermelon cropping and also a leader in the irrigated peanuts in the region. The property was one of the first to grow over 8 tonne to the hectare of peanuts commercially. He has been involved in Landcare, water conservation and business promotion in the region. In 2007 Ronald was awarded a Nuffield Scholarship where he investigated the "Diminishing Workforce and How We Manage the Future" and saw the importance of profitability by vertical integration, integrated Research & Development, continuing education and biofuels production. He has written a paper for the Australian Farm Institute on The implications of Brazil's Beef industry.

Meetings of Directors

During the financial year, 2 meetings of directors (including committee meetings) were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Damien Scanlan	5	5
Wayne Kenneth Newton	5	5
Kaye Enid Basford	5	5
John Edward Obst	5	5
John Moloney	5	1
Ronald Thompson	5	5

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the entity.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

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

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Damien Scanlan
Director

Dated:

Toowoomba

GRAINS RESEARCH FOUNDATION LIMITED ABN 62 123 027 234

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Operating Revenue	2	74,165.04	70,200.54
Investment Income	2	24,106.69	34,373.29
Administration expense		(109,999.79)	(114,091.49)
Marketing expense		(2,254.55)	(1,022.28)
Operating Expenses		(40,852.82)	(44,872.18)
Finance Costs		(5,449.01)	(5,433.00)
Realised Net Capital Gain/(Loss)		(23,098.05)	(1,312.52)
Unrealised Investment Movements		(44,129.71)	39,380.08
Loss attributable to the entity		<u>\$(127,512.20)</u>	<u>\$(22,777.56)</u>

The accompanying notes form part of these financial statements.

GRAINS RESEARCH FOUNDATION LIMITED ABN 62 123 027 234

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012	2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	12,668.04	22,844.68
Trade and other receivables	5	31,348.07	36,164.99
Other assets	6	2,770.26	2,259.86
TOTAL CURRENT ASSETS		<u>\$46,786.37</u>	<u>\$61,269.53</u>
NON-CURRENT ASSETS			
Investments	7	386,353.56	498,897.24
Property, plant and equipment	8	6,304.64	8,567.28
TOTAL NON-CURRENT ASSETS		<u>392,658.20</u>	<u>507,464.52</u>
TOTAL ASSETS		<u>\$439,444.57</u>	<u>\$568,734.05</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	4,777.35	6,554.63
TOTAL CURRENT LIABILITIES		<u>4,777.35</u>	<u>6,554.63</u>
TOTAL LIABILITIES		<u>\$4,777.35</u>	<u>\$6,554.63</u>
NET ASSETS		<u>\$434,667.22</u>	<u>\$562,179.42</u>
EQUITY			
Retained earnings		(698,689.99)	(571,177.79)
Grain Research Foundation Transfer Reserve		1,133,357.21	1,133,357.21
TOTAL EQUITY		<u>\$434,667.22</u>	<u>\$562,179.42</u>

The accompanying notes form part of these financial statements.

GRAINS RESEARCH FOUNDATION LIMITED ABN 62 123 027 234

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Retained Earnings	Grain Research Foundation Transfer Reserve	Total
	\$	\$	\$
Balance at 30 June 2010	(548,400.23)	1,133,357.21	584,956.98
Deficit attributable to the entity	(22,777.56)		(22,777.56)
Balance at 30 June 2011	(571,177.79)	1,133,357.21	562,179.42
Deficit attributable to the entity	(127,512.20)	-	(127,512.20)
Balance at 30 June 2012	\$(698,689.99)	\$1,133,357.21	\$434,667.22

The accompanying notes form part of these financial statements.

GRAINS RESEARCH FOUNDATION LIMITED ABN 62 123 027 234

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2012

CASH FLOWS FROM OPERATING ACTIVITIES	2012	2011
	\$	\$
Receipts from ordinary activities	30,471.56	22,200.54
Receipt from grants	48,000.00	59,000.00
Payments from ordinary activities	(152,621.88)	(156,557.99)
Interest received	598.65	454.91
Investment Income	23,508.04	22,140.84
Finance Costs	(5,449.01)	(4,834.48)
Net cash provided by/(used in) operating activities	<u>(55,492.64)</u>	<u>(57,596.18)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement Sale of Investments	45,316.00	69,509.44
Purchase of property, plant and equipment	-	(1,665.81)
Net cash used in investing activities	<u>45,316.00</u>	<u>100,745.99</u>
Net decrease in cash held	(10,176.64)	10,247.45
Cash at the beginning of the financial year	22,844.68	12,597.23
Cash at the end of the financial year	4 <u><u>\$12,668.04</u></u>	<u><u>\$22,844.68</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers Grains Research Foundation Limited as an individual entity. Grains Research Foundation Limited is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation:

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2011* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

a. **Revenue**

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

b. **Income Tax**

The activities of the Company are exempt from Commonwealth Income Tax and accordingly no provision for taxation impacts have been recorded in the financial report.

c. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair values are indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

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 values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15% – 30% Diminishing Value
Motor Vehicles	25% Diminishing Value
Software	40% Prime Cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

Impairment

The carrying values of plant & equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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.

Impairment losses are recognised in the Statement of Comprehensive Income.

d. Financial Instruments**Recognition**

Financial Instruments are initially measured at cost on trade date, which includes costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial Assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

Trade & Other Receivables

Trade Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when identified.

Short-Term Bank Deposits

The company records Short-Term Bank Deposits at the original cost. These investments are generally held for between 3 and 12 months. The carrying amounts of these investments are reviewed regularly to ensure they are not in excess of the recoverable amount of the investments.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

e. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

f. **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 on the statement of financial position.

g. **Goods and 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

h. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

i. **Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

j. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally within 14 days of recognition of the liability.

j. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

k. **Adoption of New and Revised Accounting Standards**

During the current year the company had adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Grains Research Foundation Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

Other comprehensive income — The revised version of AASB 101 introduces the concept of ‘other comprehensive income’ which comprises income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

I. **New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013). These standards are applicable retrospectively and amend the classification and measurement of financial assets and financial liabilities. The company has not yet determined any potential impact on the financial statements.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011). This standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a ‘related party’ to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the company.
- AASB 13 Fair Value Measurement provides a definition of the term, fair value, and introduced additional disclosure requirements. This is applicable for all assets and liabilities measured at fair value, including non-financial assets and liabilities. This standard becomes mandatory for the Company’s 30 June 2014 financial statements. The company has not determined the potential effect of the new standard.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2: REVENUE

	2012	2011
Operating Revenue	\$	\$
Grants & Sponsorship	48,000.00	48,000.00
Membership Fees	272.72	1,954.54
Royalties for Wheat Varieties	23,408.68	20,246.00
Contributions to Costs	2,483.64	-
	<u>\$74,165.04</u>	<u>\$70,200.54</u>
Non-Operating Revenue		
Interest	598.65	455.91
Investment Income	23,508.04	33,917.48
	<u>\$24,106.69</u>	<u>\$34,373.39</u>
Total Revenue from ordinary activities	\$98,271.73	\$104,573.93

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from Ordinary Activities has been determined after:

Depreciation	2,263.00	933.00
Insurance	4,598.43	3,981.29
Motor Vehicle Expenses	4,067.19	6,570.71
Travelling & Accommodation	4,592.10	1,436.99
Finance Costs	5,449.11	5,609.79
Loss on Sale of Investments	23,098.05	1,312.52
Financial Instrument Market Value Changes	44,129.71	(39,380.08)
Employee Entitlements	51,223.06	70,434.25
Superannuation Entitlements	33,735.15	6,348.05
Board Expenses	18,069.67	17,803.23
Advertising and Promotion	2,254.55	1,382.72
Other Administrative Expenses	18,180.51	25,410.85
Other Operating Expenses	14,123.40	25,508.17

Significant Revenue and Expenses

There are no significant revenue and expense items that are relevant in explaining the financial performance not disclosed elsewhere in the Financial Statements and Notes.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: CASH AND CASH EQUIVALENTS

	2012	2011
CURRENT	\$	\$
NAB Cheque Account	1,538.97	1,141.33
NAB Business Management Account	-	13,896.29
BT Cash Management Account	11,129.07	7,807.06
	<u>\$12,668.04</u>	<u>\$22,844.68</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

	2012	2011
CURRENT	\$	\$
Accrued Income	7,093.07	25,109.99
GPA Loan	11,055.00	11,055.00
Total current trade and other receivables	<u>\$31,348.07</u>	<u>\$36,164.99</u>

NOTE 6: OTHER ASSETS

	2012	2011
CURRENT	\$	\$
Prepayments	1,808.26	1,959.86
GST Accrual	300.00	300.00
GST Payable	662.00	
	<u>\$2,770.26</u>	<u>\$2,259.86</u>

NOTE 7: INVESTMENTS

Available for sale financial instruments

	2012	2011
NON-CURRENT	\$	\$
Australian Unity Wholesale Mortgage Income	30,431.25	30,452.47
Dimensional Emerging Markets Trust	13,836.66	17,083.82
Centro Direct Property Fund	-	10,231.67
Mosaic Strategic Aust Equity	190,343.68	257,292.95
Mosaic Strat International Equity	131,086.59	163,268.10
Mosaic Strategic Global Property	20,655.38	20,568.23
Total Investments	<u>\$386,353.56</u>	<u>\$498,897.24</u>

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8: PLANT & EQUIPMENT

	2012	2011
NON-CURRENT	\$	\$
Plant and equipment At cost	4,114.23	4,114.23
Less accumulated depreciation	(2,814.00)	(2,261.00)
Total Plant and Equipment	<u>\$1,300.23</u>	<u>\$1,853.23</u>
Motor Vehicles At cost	13,766.41	13,766.41
Less accumulated depreciation	(8,762.00)	(7,094.00)
Total Motor Vehicle	<u>\$5,004.41</u>	<u>\$6,672.41</u>
Computer Software At cost	789.64	789.64
Accumulated amortisation	(789.64)	(748.00)
Net Computer Software	<u>\$ -</u>	<u>\$357.64</u>

NOTE 9: TRADE AND OTHER PAYABLES

	2012	2011
CURRENT	\$	\$
Trade payables	1,470.00	3,254.63
Accrued Expenses	3,300.00	3,300.00
GST Adjustment	7.35	4.32
	<u>\$4,777.35</u>	<u>\$6,554.63</u>

NOTE 10: MEMBER'S GUARANTEE

The company is limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Company. At 30 June 2012 the number of members was 77.

NOTE 11: CAPITAL & LEASING COMMITMENT

b. Finance Lease & Hire Purchase Commitments

There are no Finance Lease or Hire Purchase commitments

b. Operating Lease Commitments

There are no Operating Lease commitments

c. Capital Expenditure Commitments

There are no known material commitments at balance date.

NOTE 12: CONTINGENT LIABILITIES

There are no known material contingent assets or liabilities at balance date.

NOTE 13: RELATED PARTY TRANSACTIONS

Any transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 14: EVENTS AFTER BALANCE SHEET DATE

There has been an increase in the value of the investments subsequent to financial year end.

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

2012

Total Compensation	\$84,958.21
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2011

Total Compensation	\$70,434.00
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NOTE 16: ECONOMIC DEPENDENCE

The entity is currently dependent upon income from Royalties from the Department of Primary Industries and Fisheries Services Charges from GRDC for co-ordination the Research Advisory Committees for Queensland and Investment earnings.

NOTE 17: FINANCIAL INSTRUMENTS

b. Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable, managed fund investments and accounts payable.

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and market risk.

i) Interest Rate Risk

Interest Rate Risk is managed with a mixture of fixed and floating rate investments.

i) Foreign Currency Risk

The entity is not exposed to fluctuation in foreign currencies

ii) Liquidity Risk

The entity manages liquidity risk by monitoring Cash flow forecasts and ensuring that investments are timed to provide cash as required.

iii) Credit Risk

The company doesn't have any material credit risk to any single receivable or group of receivables. The company trades only with creditworthy third parties. Largely the entity's debtors are represented by State & Federal Government Departments and associated organisations and the risk is not considered material. Further, the receivables balances are monitored on an ongoing basis with the result that the entity's exposure to bad debts is not significant.

iv) Market Risk

The company is also exposed to market risks for their investments. This is being managed by using Shadforth Financial Services and BT Portfolio Service Pty Ltd to advise, monitor and manage these investments.

NOTES TO THE FINANCIALS FOR THE YEAR ENDED 30 JUNE 2012

b. Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Financial Assets & Liabilities	2012	2011
	\$	\$
Cash and cash Equivalents	12,668.04	22,844.68
Receivables	31,348.07	38,124.85
Investments	386,353.56	498,897.24
Other Assets	2,770.26	2,259.86
Payables	(4,770.00)	(6,554.63)
Total Net Financial Assets	\$428,369.93	\$555,572.00

c. Net Fair Values

The net fair values are materially in line with the carrying values shown.

NOTE 28: COMPANY DETAILS

The registered office of the company is:

McCullough Robertson Lawyers
 Level 11, 66 Eagle Street
 BRISBANE QLD 4000

The principal place of business of the company is:

"Aspect" Cnr Taylor & Railway Street
 TOOWOOMBA QLD 4350

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that these general purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the company declare that:

- A. The financial statements and notes, as set out on pages 1 to 19, are in accordance with the *Corporations Act 2001* and:
 - i. comply with Australian Accounting Standards; and
 - ii. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.
- B. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Damien Scanlan (Director)

2012

Dated this _____ day of _____

COMPILATION REPORT TO GRAINS RESEARCH FOUNDATION LIMITED

We have compiled the accompanying special purpose financial statements of Grains Research Foundation Limited, which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Position as at 30 June 2012, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Director of Grains Research Foundation Limited

The director of Grains Research Foundation Limited is solely responsible for the information contained in the special purpose financial statements and has determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet the director's needs and for the purpose that the financial statements were prepared.

Our Responsibility

The director of Grains Research Foundation Limited is solely responsible for the information contained in the special purpose financial statements and has determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet the director's needs and for the purpose that the financial statements were prepared.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the director provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the director of Grains Research Foundation Limited. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Hooper Accountants
Suite 22 Clifford House
120 Russell Street Toowoomba

30 November, 2012

COMPILATION REPORT TO GRAINS RESEARCH FOUNDATION LIMITED

We have compiled the accompanying special purpose financial statements of Grains Research Foundation Limited, which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Position as at 30 June 2012, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Director of Grains Research Foundation Limited

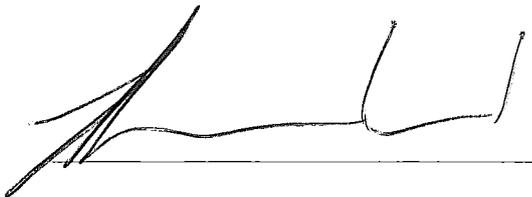
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