



\*10058939089\*

## Annual Report of Rural Growth Fund Limited for the year ended 30 September 2009

Pursuant to section 211(3) of the Companies Act 1993 (the "Act"), the shareholder of the Company has agreed that the annual report of the Company need not comply with any of the paragraphs (a), and (e) to (j) of subsection (1) and subsection (2) of section 211.

Accordingly, there is no information to be provided in this Annual Report other than the financial statements for the year to 30 September 2009 and the Audit Report thereon, which are enclosed.

*S. N. Nelson*

Director

*P*

Director

25 February 2010

Date

**CHECKED**  
**3**



**NPC# 27**  
**1 MAR 2010**

**RURAL GROWTH FUND LIMITED**

**1935975**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 SEPTEMBER 2009**

**Rural Growth Fund Limited**

**Financial Statements for the year ended 30 September 2009**

---

**Directors Statement**

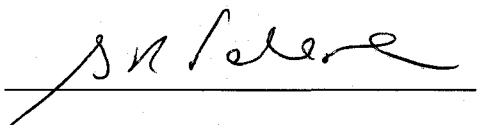
The Financial Reporting Act 1993 requires the financial statements to be prepared for each financial year which give a true and fair view of the financial position of the Company and of the financial performance for that period. The directors believe that in preparing those financial statements, the officers of the Company have:

- selected suitable accounting policies that comply with New Zealand Generally Accepted Accounting Practice and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- followed all applicable accounting standards, with no material departures.

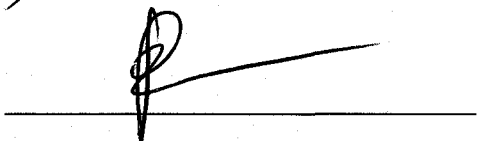
The directors confirm that accounting records have been kept that will at any time enable the financial position of the Company to be determined with reasonable accuracy and will enable the directors to ensure that the financial statements comply with the Financial Reporting Act 1993.

Based on the above, the Board of Directors of the Company approve these financial statements for the year ended 30 September 2009.

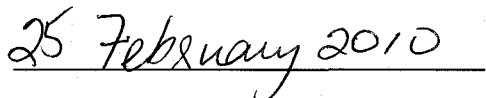
For and on behalf of the Board of Directors

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Date of issue

## INCOME STATEMENT for the year ended 30 September 2009

	Note	Year to 30/09/2009 \$000	Year to 30/09/2008 \$000
Income	5	1,980	2,433
Expenses	5	60	-
<b>Profit before income tax</b>		<b>1,920</b>	<b>2,433</b>
Income tax expense	6	455	772
<b>Profit after income tax</b>		<b>1,465</b>	<b>1,661</b>

The notes on pages 4 to 9 form part of and should be read in conjunction with these financial statements.



## STATEMENT OF CHANGES IN EQUITY for the year ended 30 September 2009

	Note	Year to 30/09/2009 \$000	Year to 30/09/2008 \$000
Profit after income tax		1,465	1,661
<b>Total recognised income and expenses for the year</b>		<b>1,465</b>	<b>1,661</b>
Retained profits at beginning of the year		2,238	577
Ordinary dividend paid	9	(2,238)	-
<b>Retained profits at end of the year</b>		<b>1,465</b>	<b>2,238</b>
Ordinary share capital at beginning of the year	9	25,000	25,000
Ordinary share capital at end of the year		25,000	25,000
<b>Equity at end of the year</b>		<b>26,465</b>	<b>27,238</b>

The notes on pages 4 to 9 form part of and should be read in conjunction with these financial statements.



## BALANCE SHEET as at 30 September 2009

	Note	30/09/2009 \$000	30/09/2008 \$000
<b>Assets</b>			
Interest receivable from third parties		1	1
Loans and advances	7	15,351	9,251
Amounts due from related parties	8	11,716	19,222
Total assets		27,068	28,474
<b>Liabilities</b>			
Sundry creditors		120	180
Current tax liabilities		483	1,056
Total liabilities		603	1,236
Net assets		26,465	27,238
<b>Equity</b>			
Ordinary share capital	9	25,000	25,000
Retained profits		1,465	2,238
Total equity		26,465	27,238

The notes on pages 4 to 9 form part of and should be read in conjunction with these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

**1. ACCOUNTING POLICIES****(i) Basis of preparation**

These financial statements for Rural Growth Fund Limited ('the Company') have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles, applying the Framework for Differential Reporting for Entities Applying the New Zealand Equivalents to International Financial Reporting Standards Reporting Regime ('Framework for Differential Reporting'). They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate to profit-orientated entities that qualify for and apply Differential Reporting exemptions. The Company has taken advantage of all the Differential Reporting exemptions except those available under NZ IAS 12: Income Taxes.

The Company qualifies for Differential Reporting exemptions as it has no public accountability and at balance date every owner of the Company was also a member of the Company's governing body.

**(ii) Presentation currency and rounding**

The amounts contained in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated. The functional currency of the Company is New Zealand dollars.

**(iii) Changes in accounting policies**

There have been no changes in accounting policies during the year.

**(iv) Measurement base**

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

**(v) Revenue and expense recognition**

Revenue, which includes interest income, is recognised to the extent that it is probable that economic benefits will flow to the Company and that revenue can be reliably measured. Expenses are recognised in the income statement on an accruals basis.

**(vi) Interest income and interest expense**

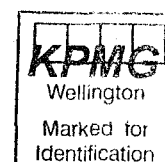
Interest income and interest expense are recognised in the income statement as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

**(vii) Income tax**

Income tax on profits for the year comprises current and deferred tax. It is recognised in the income statement as tax expense, except when it relates to items credited directly to equity, in which case it is recorded in equity.

Current tax is the expected tax payable on taxable income for the year, based on tax rates (and tax laws) which are enacted or substantively enacted by the reporting date and including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

**1. ACCOUNTING POLICIES (continued)****(vii) Income tax (continued)**

Deferred tax is accounted for using the tax balance sheet liability method. Deferred tax arises by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Company, at the reporting date, recovers or settles the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Current tax assets and liabilities, and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority and there is a legal right and intention to settle on a net basis and it is allowed under the tax law.

**(viii) Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and not classified as available-for-sale. The loans and advances are initially recognised at fair value including transaction costs that are directly attributable to the issue of the loan or advance. They are subsequently measured at amortised cost using the effective interest method, less any impairment loss. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

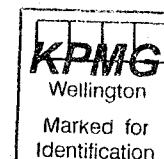
As part of the Company's lending policy, adequate and appropriate security is obtained where deemed necessary. Factors considered are the quality and priority of the securities obtained. Securities include registered first mortgages, trust deeds, charges over assets and enforced financial covenants.

Customer financing through redeemable preference shares is included within loans and advances. Dividends received on redeemable preference shares are taken to the income statement as part of interest income, when there is a right to receive income.

Loans and advances are regularly reviewed for any impairment loss. Credit loss provisions are raised for loans that are known to be impaired. Loans are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and prior to the reporting date, and that the loss event (or events) has had an impact on the estimated future cash flows (recoverable amount) of the loan.

**(ix) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') except where the amount of GST incurred is not recoverable from the Inland Revenue Department ('IRD'). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the IRD is included as 'other assets' or 'other liabilities' in the balance sheet.





NOTES TO THE FINANCIAL STATEMENTS (continued)

---

**1. ACCOUNTING POLICIES (continued)****(x) Derivative financial instruments**Embedded derivatives

Derivatives embedded in financial instruments or other host contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not measured at fair value. The embedded derivative is reported at fair value with changes in fair value immediately recognised in the income statement.

**(xi) Contingent liabilities**

A contingent liability is a possible or present obligation where it is less than probable there will be an outflow of resources or it is not possible to measure the amount of the obligation with sufficient reliability.

Liabilities are no longer contingent, and are recognised on the balance sheet, when the transaction is probable in that the contingency is likely to occur and the contingency can be reasonably measured. Further disclosure is made within Note 10 Contingent Liabilities and Other Commitments, where the above requirements are not met, but there is a possible obligation that is higher than remote. Specific details are provided together with an estimate of the range or a statement that such an estimate is not possible.

**(xii) Comparatives**

To ensure consistency with the current year, comparative figures have been reclassified where appropriate.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**2. NATURE OF COMPANY AND ITS BUSINESS**

The Company is incorporated in New Zealand under the Companies Act 1993, and is based in New Zealand. Its registered office is at Level 14, ANZ Tower, 215-229 Lambton Quay, Wellington, New Zealand.

The Company operates as an investment company. Its principal place of business is 1 Victoria Street, Wellington.

**3. PARENT COMPANY**

The parent company is ANZ National Bank Limited which is incorporated in New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited which is incorporated in Australia.

**4. RELATED PARTIES**

The Company is a wholly owned subsidiary of ANZ Holdings (New Zealand) Limited Group, which is a member of the Australia and New Zealand Banking Group Limited group of companies ('ANZ Group'). All members of the ANZ Group are considered to be related parties of the Company.

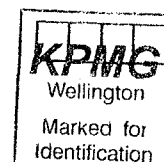
Details of transactions with related parties during the ordinary course of business are set out in the relevant notes to these financial statements.

**5. INCOME AND EXPENSES**

	Year to 30/09/2009 \$000	Year to 30/09/2008 \$000
<b>Interest income</b>		
Loans and advances	1,362	406
Related parties		
ANZ National Bank Limited	618	1,773
Other fee income	-	254
	<u>1,980</u>	<u>2,433</u>
<b>Interest expense</b>		
Related parties		
ANZ National Bank Limited	60	-
	<u>60</u>	<u>-</u>

Preference share dividend income is accrued based on the Quotable Value land index movement, with a minimum floor of 2.5% per annum guaranteed by the borrower. Fair value movement of this included in interest income in the current period.

Audit fees of \$3,400 (2008: \$3,400) have been paid by ANZ National Bank Limited for nil consideration (2008: nil).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 6. INCOME TAX EXPENSE

	Year to 30/09/2009 \$000	Year to 30/09/2008 \$000
<b>Reconciliation of the prima facie income tax payable on profit with the income tax expense charged in the income statement</b>		
Profit before income tax	1,920	2,433
Prima facie income tax at 30% (2008: 33%)	576	803
Tax effect of non-assessable dividends	(87)	(31)
Total income tax expense	489	772
Income tax under provided in prior years	(34)	-
Total income tax expense	455	772
Effective tax rate	23.7%	31.7%
<b>The major components of the income tax expense comprise:</b>		
Amounts recognised in the income statement		
Current income tax charge	489	772
Adjustments recognised in the current year in relation to current tax of prior years	(34)	-
Total income tax expense recognised in income statement	455	772

In May 2007, legislation was passed to reduce the New Zealand corporate tax rate from 33% to 30%, effective for the 2008/2009 income tax year. The tax effect shown is the impact on the value of deferred tax assets and liabilities as a result of the reduction in the corporate tax rate from 1 October 2008.

The Company is part of a wholly owned group of companies and may receive the benefit of tax losses by way of a tax loss offset for which compensation will be paid to another member of the ANZ Holdings (New Zealand) Limited Group.

## 7. LOANS AND ADVANCES

Loans and advances consist of an investment in preference shares. The shareholders of the issuer company have the option to purchase these shares after 10 years as specified in the terms of the transaction documents.

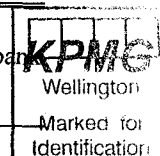
Certain loans and advances contain an embedded derivative indexing the interest rate to the QV Rural Price Index annual movement to 31 December 2008 - with a minimum increase of 2.5%. The 30 September 2009 financial statements include an accrual of \$478,530 (2008: \$104,000) based on the minimum growth rate.

The Company holds a security over assets of the issuer company, on normal banking lending terms.

## 8. AMOUNTS DUE FROM RELATED PARTIES

	30/09/2009 \$000	30/09/2008 \$000
ANZ National Bank Limited	11,716	19,222
Total amounts due from related parties	11,716	19,222

Amounts due from related parties represent loans that are repayable on demand and interest is charged at variable bank rates.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

**9. ORDINARY SHARE CAPITAL**

	<b>30/09/2009</b>	30/09/2008
	<b>No. of Shares</b>	No. of Shares
Ordinary shares at the beginning of the year	<b>25,000,000</b>	25,000,000
Ordinary shares at end of the year	<b>25,000,000</b>	25,000,000
	<b>30/09/2009</b>	30/09/2008
	<b>\$000</b>	\$000
Ordinary share capital at beginning of the year	<b>25,000</b>	25,000
Ordinary share capital at end of the year	<b>25,000</b>	25,000

The dividend on ordinary shares was \$0.08952 per shares (2008: nil per share).

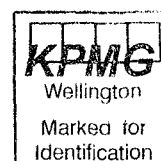
The ordinary shares have the rights and powers prescribed by Section 36 of the Companies Act 1993, whereby they have equal rights regarding voting, dividends and the residual assets upon winding up of the Company.

**10. CONTINGENT LIABILITIES AND OTHER COMMITMENTS****Contingent liabilities**

As at 30 September 2009, there were no contingent liabilities outstanding (2008: nil).

**Commitments**

As at 30 September 2009, there were no commitments outstanding (2008: nil).





## Audit report

### To the shareholder of Rural Growth Fund Limited

We have audited the financial statements on pages 1 to 9. The financial statements provide information about the past financial performance of the Company and its financial position as at 30 September 2009. This information is stated in accordance with the accounting policies set out on pages 4 to 6.

#### Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company as at 30 September 2009 and the results of its operations for the year ended on that date.

#### Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

#### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the Company.

#### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records;
- the financial statements on pages 1 to 9:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the Company as at 30 September 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 25 February 2010 and our unqualified opinion is expressed as at that date.

Wellington