

**ST MAGNUS  
VINEYARD PROJECT**  
ARSN 091 132 786

**Report on the Project at  
30 June 2003**

**Managed by  
Blaxland Vineyards Limited  
ABN 61 067 514 792**

# ST MAGNUS VINEYARD PROJECT

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# **ST MAGNUS VINEYARD PROJECT**

## **RESPONSIBLE ENTITY'S REPORT**

Blaxland Vineyards Limited (the Responsible Entity) submits the Financial Statements of the project for the year ended 30 June 2003. The following persons held office as directors at any time during or since the end of the financial year.

Ronald Malcolm Collins  
Philip James Slee  
Robert John Gibson

### **Financial Highlights**

The vineyard was expected to deliver its first crop in 2003. However the quantity harvested was severely reduced because of frost events that occurred during the spring. The harvest totalled 43.87 tonnes at a value of \$69,470. In addition an insurance claim of \$576,457 was received in August 2003 which enabled growers to continue with their activities on the vineyard without the necessity of providing further funds.

### **Review of Operations**

Blaxland Vineyards Limited continued to run the property as Responsible Entity.

As a result of the extraordinary frosts that occurred in 2002, growers agreed to a proposal to install additional irrigation works to provide overhead sprinklers designed to mitigate any future damage that may be caused by frost. This was installed during the winter months and is now ready to be activated in case of need. Funds were provided by the National Australia Bank and will be repaid by Growers over the following three years.

The vineyard has been planted to Sauvignon Blanc, Chardonnay, Cabernet Sauvignon, Merlot, Pinot Gris, together with small plantings of Semillon, Riesling, Cabernet Franc and Malbec. All of the grapes from the project will be purchased by Nepenthe Wines Pty Limited and others under contract.

### **Principal Activity**

The principal activity of the project is to develop a vineyard and grow and market grapes.

No significant change in the nature of these activities occurred during the year.

### **Distributions Paid**

No distributions were paid to growers during the period and no recommendation is made as to distributions. All funds received on behalf of growers have been held to cover ongoing vineyard maintenance costs.

## **Significant Changes in the State of the Affairs**

There was no significant change in the state of the Project's affairs during the year.

## **After Balance Date Events**

There are no matters or circumstances that have arisen since 30 June 2003 that have significantly affected or may significantly affect:

- the operations of the projects;
- the results of those operations; or
- the state of affairs of the project in subsequent financial years.

## **Likely Developments**

There are no likely developments in the current year which would have an impact on the way the vineyard is run by Responsible Entity.

## **Environmental Regulation**

The project's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

## **Options**

No options over unissued interests in the project were granted during or since the end of the year and there were no options outstanding at the date of this report.

## **Interests Issued**

No grower interests were issued during the year. There were two interests held by the Responsible Entity or its associates at the end of the financial year. There were no withdrawals from the scheme during the year.

## **Fees Paid to the Responsible Entity**

During the financial period, \$809,732 (2002: \$537,724) was paid to Blaxland Vineyards Limited as fees to operate, manage and develop the project. The total cost of the project for the financial period to 30 June 2003 was met from these funds as set out in the Prospectus.

## **Indemnification of Officers and Auditors**

The Responsible Entity under its Articles of Association agrees to indemnify every director and officer of the Responsible Entity against liability incurred as a director or officer to the extent permitted by the Corporations Law.

The Responsible Entity also agreed to indemnify every director, secretary, auditor and other officer of the Responsible Entity against any liability incurred in defending any legal proceedings.

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

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

Signed in accordance with the resolution of the Board of Directors of the Responsible Entity.

**Ronald M. Collins**  
**Director**

**Philip J. Slee**  
**Director**

Dated: 26 September 2003

**ST MAGNUS VINEYARD PROJECT**

**DIRECTORS' DECLARATION**

The directors of the Responsible Entity declare that:

1. The financial statements and notes of the St Magnus Vineyard Project are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2003 and performance for the year ended on that date of the project.
2. In the directors' opinion there are reasonable grounds to believe that the project 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 and is signed for and on behalf of the directors by:

**Director** .....  
Ronald M. Collins

**Director** .....  
Philip J. Slee

Dated: 26 September 2003

**ST MAGNUS VINEYARD PROJECT**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2003**

	Note	2003 \$	2002 \$
Revenues from ordinary activities	2	645,927	-
Expenses from ordinary activities	3	(809,732)	-
<b>Profit/(Loss) from ordinary activities before income tax expense</b>		(163,805)	
Income tax expense relating to ordinary activities	1	-	-
<b>Profit/(Loss) from ordinary activities after income tax expense</b>		(163,805)	-
Distribution to growers		-	-
<b>Increase /(Decrease) in Growers Equity</b>		(163,805)	-

The accompanying notes form part of these financial statements.

# ST MAGNUS VINEYARD PROJECT

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	2003 \$	2002 \$
<b>CURRENT ASSETS</b>			
Cash assets		8,346	-
Receivables	5	66,082	-
Other	6	576,457	-
<b>TOTAL CURRENT ASSETS</b>		<u>650,885</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>650,885</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>			
Payables	7	4,958	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,958</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>4,958</u>	<u>-</u>
<b>NET ASSETS</b>		<u>645,927</u>	<u>-</u>
<b>GROWERS FUNDS</b>			
Growers Equity	4	<u>645,927</u>	<u>-</u>

The statement of financial position should be read in conjunction with the accompanying notes.

# ST MAGNUS VINEYARD PROJECT

## STATEMENT OF CASH FLOWS AS AT 30 JUNE 2003

	2003	2002
Note	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,388	-
Receipts from related entities	4,958	-
Payment to investors	-	-
Payment to suppliers	(809,732)	-
<b>Net cash (used in) operating activities</b>	<b>(801,386)</b>	<b>-</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Contributions from Growers	809,732	-
<b>Net cash provided by operating activities</b>	<b>809,732</b>	<b>-</b>
Net Increase/(Decrease) in cash held	8,346	-
Cash at Beginning of Financial Year	-	-
<b>Cash at end of year</b>	<b>8,346</b>	<b>-</b>
<b>NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>Reconciliation of Cash</b>		
Cash at the end of the financial years as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	8,346	-
<b>Reconciliation of cash flows from operations with profit from ordinary activities after income tax</b>		
Profit/(Loss) from ordinary activities after income tax	(163,805)	-
(Increase)/decrease in current receivables	(642,539)	-
Increase/(Decrease) in current payables	4,958	-
(Profit)distributed to Growers	-	-
<b>Cash flows from operations</b>	<b>(801,386)</b>	<b>-</b>

The accompanying notes form part of these financial statements

**ST MAGNUS VINEYARD PROJECT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Accounting Standards have been consistently applied unless otherwise stated. The following specific policies have been applied consistently unless otherwise stated:

**(a) Basis of accounting**

These financial statements have been prepared in accordance with the historical cost convention, except for certain assets which are at current valuation. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

**(b) Income and expenditure recognition**

Income and expenditure belong to the individual growers.

Income is recognised by the project when the goods are provided. Expenditure is not recognised by the project until the project starts generating income. Once income is generated, all expenses are recorded in the project accounts as they are incurred.

**(c) Income Tax**

The Project is not a taxable entity under the Income Tax Assessment Act 1936.

**(d) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

**(e) Non-current investments**

Non-current investments are brought to account at cost or at directors' valuation. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. Where the cost exceeds the recoverable amount, the investment has been written down to this recoverable amount. The expected net cash flows from investments have not been discounted to

their present value in determining the recoverable amounts except where stated.

**(f) Trade and other creditors**

These amounts represent liabilities for services provided to the economic entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>		
<b>Operating activities</b>		
- grape sales	69,470	-
- recovery from insurance claim	576,457	-
<b>Total Revenue</b>	<u>645,927</u>	<u>-</u>
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>Profit from ordinary activities before income tax has been determined after:</b>		
<b>a. Expenses</b>		
Cost of sales		
Vineyard Maintenance fees	809,732	-
	<u>809,732</u>	<u>-</u>
<b>4. GROWERS EQUITY</b>		
Opening Balance	-	-
Equity Introduced	809,732	-
Net Profit available to Growers	(163,805)	-
Distribution to Growers	-	-
Closing Balance	<u>645,927</u>	<u>-</u>
<p>The value of Growers equity introduced represents vineyard maintenance fees paid by Growers to 30 June 2003.</p>		
<b>5. RECEIVABLES</b>		
<b>Current</b>		
Nepenthe	59,321	-
Kingston Wines	6,761	-
	<u>66,082</u>	<u>-</u>
<b>6. OTHER CURRENT ASSETS</b>		
Insurance claim	576,457	-
	<u>576,457</u>	<u>-</u>
<b>7. PAYABLES</b>		
Loan from Blaxland Vineyards	4,958	-
	<u>4,958</u>	<u>-</u>

## 8. RELATED PARTY TRANSACTIONS

Fees retained by the Responsible Entity after payment of vineyard maintenance costs during the year were \$129,228. The Responsible Entity or its associate holds 2 lots in the project.

## 9. SEGMENT REPORTING

The Project operates in the viticultural industry of Australia.

## 10. FINANCIAL INSTRUMENTS

### Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2003 %	2002 %	2003 \$	2002 \$
<b>Financial Assets</b>				
Cash	-	-	8,346	-
			<hr/>	<hr/>

### Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at 30 June 2003 to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

The Project does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Project.

### Net Fair Values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Project intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements

## 11. THE PROJECT

The St Magnus Vineyard Project (ARSN 091 132 736) is a Managed Investment Scheme for which the Responsible Entity is Blaxland Vineyards Limited.

## **12. THE RESPONSIBLE ENTITY**

The Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792) of 493 High Street, Maitland, NSW, 2320.

**INDEPENDENT AUDIT REPORT  
TO THE RESPONSIBLE ENTITY OF  
ST MAGNUS VINEYARD PROJECT**

**Scope**

We have audited the financial statements, being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and forming part of the Financial Statements of St Magnus Vineyard Project for the year ended 30 June 2003. The directors of the Responsible Entity are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Responsible Entity.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the project's financial position, the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the financial report of St Magnus Vineyard Project is in accordance with:

- a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the project's financial position as at 30 June 2003 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) Other mandatory professional reporting requirements in Australia.

**WIDINS**  
**Chartered Accountants**  
Sydney:           September 2003

**R E Mayberry**  
**Partner**

# **ST MAGNUS VINEYARD PROJECT**

## **DIRECTORY**

### **Responsible Entity**

Blaxland Vineyards Limited

Registered Office:  
493 High Street  
Maitland, NSW, 2320  
Phone: (02) 4934 7622

### **Directors of the Responsible Entity**

Ronald Malcolm Collins  
Philip James Slee  
Robert John Gibson

### **Custodian**

Blaxland Vineyards Limited  
493 High Street  
Maitland NSW 2320

### **Independent Accountants and Auditors of the Project**

Widins  
Level 17,  
15 Castlereagh Street  
Sydney NSW 2000