

ST MAGNUS
VINEYARD PROPERTY TRUST
ARSN 091 135 116

Report on the Trust at
30 June 2011

Managed by
Blaxland Vineyards Limited
ABN 61 067 514 792

ST MAGNUS VINEYARD PROPERTY TRUST

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The financial report covers St. Magnus Vineyard Property Trust as an individual entity. The financial report is presented in Australian currency.

The financial report was authorised for issue by the directors of the responsible entity on September 2011. The directors have the power to amend and reissue the financial report.

ST MAGNUS VINEYARD PROPERTY TRUST

THE RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Blaxland Vineyards Limited, (the Responsible Entity) submits the Financial Statements of the Trust for the year ended 30 June 2011. The following persons held office as directors of the Trustee (Responsible Entity) at any time during or since the end of the financial year unless otherwise stated.

Neil R. MacKenzie	Age 56
BA(Hons), FCA	
Position	Non-executive Chairman.
Experience	Neil is a qualified Chartered Accountant with an honours degree in Business Studies. He joined Orlando Wyndham Group in 1991 as Finance Director before moving to Simeon Wines as Managing Director in 1994. He continued to build Simeon Wines to being the third largest publicly listed wine company until its merger with McGuigan Wines in 2002 and continues in undertaking a series of consulting assignments in the wine industry.
Special Responsibilities	Chairman
Ronald M. Collins	Age 66
BCom (Acct), BA	
Position	Executive director - marketing and company secretary
Experience	Ron Collins has considerable experience in the Australian finance and investment market including a number of years with Hill Samuel Australia Ltd. (now Macquarie Bank Ltd.) and 20 years running his own financial consulting business.
Special Responsibilities	Project development, sales and marketing.
Philip J. Slee	Age 64
Position	Executive director - administration
Experience	Philip Slee is a Chartered Accountant, specialising in the wine industry. He was previously Company Secretary of Brian McGuigan Wines Limited and Financial Controller and Company Secretary of Wyndham Estate Wines Limited, both publicly listed companies.
Special Responsibilities	Finance and administration.
Luke A. Rolley	Age 33 (Resigned 24 th March 2011)
Matthew J. Alexander	Age 45
Position	Executive director – viticulture
Experience	Matt Alexander is a third generation horticulturist with over 20 years of horticultural and viticultural management experience. Matt is the Managing Director of Advanced Viticulture and Management Pty Ltd (AV&M), one of Australia's largest privately owned vineyard management companies with over 1500 hectares under management throughout Australia. AV&M currently manages a number of Blaxland's Vineyard projects as part of their overall portfolio.
Special Responsibilities	Viticultural Management

ST MAGNUS VINEYARD PROPERTY TRUST
RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Principal Activities

The principal activities of the Trust are the ownership and management of a property including house, sheds, dam and vineyard located in the Adelaide Hills near Birdwood, South Australia.

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

Significant Changes in State of Affairs

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

Financial Highlights

The Trust recorded neither a profit nor a loss for the year under review.

Review of Operations

The principal activity of the St Magnus Vineyard Property Trust for the year ended 30 June 2011 was the continuing ownership of the St Magnus Vineyard Property. The Responsible Entity is leasing the property to growers through individual allotment agreements giving the growers rights to operate a vineyard on their allotments, at an annual rent of \$165 (2010: \$155) per allotment. The funds will be used to maintain the Trust and pay a fee to the Responsible Entity.

The property is currently mortgaged to the National Australia Bank in support of a loan to the trust to carry out frost mitigation works. The debt to the bank at 30 June 2011 is \$1,000,000 (2010: \$1,000,000). No reductions of this are required in the current year.

Likely Developments

The Adelaide Hills water allocations are under review, with no firm date for a decision. Other than this there are no likely developments in the current year which would have an impact on the Property.

Distribution

During the period under review, there were no distributions made to unit holders, and no recommendation is made as to distributions.

Environmental Regulations

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

Interests Issued

At the 30 June 2011 there were 242 grower's interests in the Trust (2010: 242). Each interest represents 7,400 units in the Trust. No units were issued or redeemed in the current year.

Charges Paid to the Responsible Entity

During the period under review \$17,160 (2010: \$13,125) was paid to Blaxland Vineyards Limited from St Magnus Vineyard Property Trust as charges to manage the Trust.

Number of Interests held by the Responsible Entity

The following units are held by Blaxland Vineyards Limited and its associates:

- Vineyard Properties Pty Limited 2 growers interests

Value of Project Property

The Trust owns the property known as lot 299 and 300 in DP49220 Adelaide at Mannum Road Birdwood, South Australia. The Trust acquired the property, which is held by the Custodian for \$1,660,000 plus costs of acquisition. In accordance with the requirements of the Compliance Plan governing the Trust, the property was revalued in June 2009 by Barnden Property Pty Ltd, who valued the unimproved property at \$1,937,500. The property value shown in the Trust accounts is

ST MAGNUS VINEYARD PROPERTY TRUST

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

\$1,790,800, which represents the cost of the property including acquisition costs. The board have not adopted the new value as the difference of \$146,700 is not considered material.

The improvements to the property consisting of a 96.8 hectare vineyard are currently the property of the growers in their respective interests.

The valuation carried out in June 2009 by Barnden Property Pty Ltd, valued the total vineyard at \$7,500,000.

Matters Subsequent to the End of the Period

The Responsible entity is considering the possibility of restructuring the St Magnus Project. This will mean that the vineyard would be run by the Trust on behalf of Unitholders. Blaxland considers this to be a benefit to all involved. A memorandum and a Prospectus are being prepared so that all Unitholders can be properly informed of the consequences of this action. A meeting is expected to be held in the current financial year to consider the restructure.

Apart from the matter raised in the preceding paragraph, at the date of this report there is no other matter or circumstance which has arisen since 30 June 2011 that has significantly affected or may significantly affect:

- a) the operations of the Trust;
- b) the result of those operations; or
- c) the state of affairs, in financial years subsequent to 30 June 2011, of the entity.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 7.

Non-Audit Services

During the year Nexia Court & Co, the company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reason:

The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risk and rewards. Details of the amounts paid to the auditor of the Trust, Nexia Court & Co, for audit and non-audit services provided during the year are set out below.

	2011	2010
	\$	\$
Audit Services	6,300	8,195
Non-Audit Services		
Taxation and other services	-	532

ST MAGNUS VINEYARD PROPERTY TRUST

RESPONSIBLE ENTITY'S DIRECTORS' REPORT

Meetings of Compliance Committee

During the financial year, 4 meetings of compliance committee personnel were held. All attended the required meetings. Attendances by each person during the year were as follows:

	Position on Committee	Number of compliance meetings held and attended
Edward Russell	Chairman	4
Peter McLean	Member (resigned)	2
Philip Slee	Compliance Officer (resigned)	3
Philip Marshall	Member (appointed)	2
Craig Thomas	Compliance Officer (appointed)	1

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. The Trust does not provide any indemnification out of the Trust's assets.

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.



Neil R. Mackenzie
Director



Philip J. Slee
Director

Dated: 15 September 2011

The Board of Directors
Blaxland Vineyards Limited
26 Greenock Road
Nuriootpa SA 5355

Date: 15 September 2011

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Blaxland Vineyards Limited as responsible entity for St Magnus Vineyard Property Trust.

As lead audit partner for the audit of the financial statements of St Magnus Vineyard Property Trust for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Robert Mayberry
Partner



Nexia Court & Co
Chartered Accountants



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Sydney, NSW 2000
P O Box 11195
Australia Square NSW 1215
Telephone: 61 2 9251 4600
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ST MAGNUS VINEYARD PROPERTY TRUST

DIRECTORS' DECLARATION

The directors of Blaxland Vineyards Limited, the Responsible Entity of St Magnus Vineyard Property Trust, declare that:


1. in the directors' opinion, the financial statements and accompanying notes set out on pages 9 to 21 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the trust's financial position as at 30 June 2011 and of its performance for the year ended on that date;
2. note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. in the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable; and

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


Neil R. MacKenzie

Director


Philip J Slee

Dated: 15 September 2011
Sydney

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Continuing Operations			
Revenues	3	118,000	104,643
Expenses	4	118,000	104,643
Profit before income tax		-	-
Income tax expense	2(f)	-	-
Profit after income tax attributable to unitholders		-	-
Other Comprehensive Income		-	-
Income Tax relating to Other Comprehensive Income		-	-
Total Comprehensive Income attributable to unitholders		-	-

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	19,764	33,689
Trade and other receivables	6	1,008	699
Other assets	7	1,500	1,500
TOTAL CURRENT ASSETS		<u>22,272</u>	<u>35,888</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	1,005,003	1,005,003
Property, plant and equipment	8	1,790,800	1,790,800
TOTAL NON-CURRENT ASSETS		<u>2,795,803</u>	<u>2,795,803</u>
TOTAL ASSETS		<u>2,818,075</u>	<u>2,831,691</u>
CURRENT LIABILITIES			
Trade and other payables	9	27,275	40,891
Deferred income	10	-	-
TOTAL CURRENT LIABILITIES		<u>27,275</u>	<u>40,891</u>
NON CURRENT LIABILITIES			
Interest-bearing liabilities	11	1,000,000	1,000,000
TOTAL NON CURRENT LIABILITIES		<u>1,000,000</u>	<u>1,000,000</u>
TOTAL LIABILITIES		<u>1,027,275</u>	<u>1,040,891</u>
NET ASSETS		<u>1,790,800</u>	<u>1,790,800</u>
EQUITY			
Contributed equity		<u>1,790,800</u>	<u>1,790,800</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

2010	Contributed Equity \$	Total \$
Balance at 1 July 2009	1,790,800	1,790,800
Profit attributable to unitholders	-	-
Balance at 30 June 2010	1,790,800	1,790,800
 2011		
	Contributed Equity \$	Total \$
Balance at 1 July 2010	1,790,800	1,790,800
Profit attributable to unitholders	-	-
Balance at 30 June 2011	1,790,800	1,790,800

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	118,000	85,100
Payment to suppliers	(70,639)	(23,520)
Interest paid	(61,286)	(48,326)
Net cash from operating activities	(13,925)	13,254
Net increase in cash and cash equivalents	(13,925)	13,254
Cash and cash equivalents at beginning of financial year	33,689	20,435
Cash and cash equivalents at end of year	19,764	33,689

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash and cash equivalents

Cash at the end of the financial year 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	19,764	33,689
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Reconciliation of cash from operating activities

Profit for the year	-	-
Change in current receivables	(309)	(3)
Change in other current assets	-	10,057
Change in payables	(13,616)	22,743
Change in non current receivables	-	-
Change in income in advance	-	(19,543)
Net cash from operating activities	(13,925)	13,254

The accompanying notes form part of these financial statements

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

St Magnus Vineyard Property Trust (the 'Trust') is a registered managed investment scheme under the Corporations Act 2001. The financial report of the Trust is for the year ended 30 June 2011.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Trust complies with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

St. Magnus Vineyard Property Trust is a registered scheme incorporated and domiciled in Australia.

(b) Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention, except for financial instruments at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Trust's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Income and expenditure recognition

Income and expenditure belong to the Trust, any surplus is distributed to the unit holders.

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

(f) Income tax

The Trust is not a taxable entity under the Income Tax Assessment Act 1936. Profits are distributed to unit holders and taxed in the hands of the unit holders. Losses remain in the Trust.

(g) Cash and cash equivalents

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

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(h) Property, plant and equipment

Any real property purchased by the Trust is brought to account at cost. All real property held by the Trust must be valued at intervals of not less than three years and the Trustee may arrange to have any real property valued at any time if it or the Responsible Entity considers it is in the interests of the unitholders. Any real property must be re-valued in the accounts of the Trust in accordance with any valuation undertaken unless the Trustee believes the valuation should not be adopted.

(i) Trade and other creditors

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

(j) 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 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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(k) Financial risk management

Overview

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Trust's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors of the custodian of the Trust has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the trust's activities. The Custodian, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from growers.

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Financial Risk Management (contd)

Trade and other receivables

The Trust's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the profitability of the related Trust. Whilst the Trust is profitable the Trust will not experience any credit risk.

The Trust may establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Guarantees

No guarantees have been or will be provided by the Trust.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

Typically the Trust ensures that it has sufficient cash on demand to meet expected operational expenses for the year ahead, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Trust maintains the following lines of credit: \$1 million loan facility that is secured. Interest would be payable at the bank's prime rate plus 1.8%.

Market risk

Market risk is the risk that changes in market prices will affect the Trust's income. The Trust is only exposed to this risk through a similar risk influencing the related Trust. It is unable to influence this risk.

Currency risk

The Trust is not directly exposed to currency risk. However as the wine industry is an export industry, its customers are affected by currency changes and this can influence pricing of the Trust's products.

Interest rate risk

The Trust adopts a policy of ensuring that its exposure to changes in interest rates is minimised by changing to fixed rate borrowings when interest rates are volatile.

(I) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits.

(m) **Impairment**

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The amount of the loss is recognised in the statement of financial performance.

(n) **Revenue**

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade and other discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

Interest income

Income is recognised as the interest accrues to the net carrying amount of the financial asset.

(o) **Goods and services tax**

Goods and services tax (GST) is paid and received by the Trust.

(p) **New standards and Interpretations not yet Adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Trust's 30 June 2013 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Trust has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

from the disclosure requirements for the government-related entities. The amendments, which will become mandatory for the Trust's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

- AASB 2010-5 *Amendments to Australian Accounting Standards* affect various AASBs resulting in numerous editorial amendments. The amendments, which become mandatory for the Trust's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.

Other standards issued and not yet adopted will not have a material impact on the financial statements.

(q) Presentation of Financial Statements

The Trust applies revised AASB 101 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Trust presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

	2011	2010
	\$	\$
3. REVENUE		
- Rent from growers	40,000	37,400
- Loan charges frost system	78,000	67,243
	118,000	104,643
4. EXPENSES		
Management charges	17,160	13,125
Compliance Committee charges	2,500	3,500
Interest	61,286	48,327
Borrowing costs	18,797	18,725
Rates	9,807	10,119
Other	2,150	2,120
Remuneration of auditor		
- audit	6,300	8,195
- other services	-	532
	118,000	104,643
5. CASH AND CASH EQUIVALENTS		
Cash in Trust bank account	19,764	33,689
6. TRADE AND OTHER RECEIVABLES		
Current		
Other	1,008	699
Non Current		
Trade receivables	1,005,003	1,005,003

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2011 \$	2010 \$
7. OTHER ASSETS		
Current		
Prepayments	1,500	1,500
8. PROPERTY, PLANT AND EQUIPMENT		
Freehold land – at cost	1,790,800	1,790,800

An independent valuation was performed by R.G.V Barnden , Certified Practising Valuer FAPI. AI.Arb.A in June 2009. The property inclusive of the land on an unimproved basis and buildings was valued at \$1,937,500. The board have not adopted the new value as the difference of \$146,700 is not considered material.

9. TRADE AND OTHER PAYABLES		
Current		
Trade Creditors	17,050	25,823
Sundry Creditors	10,225	15,068
	27,275	40,891

10. DEFERRED INCOME		
Income in advance	-	-

11. INTEREST BEARING LIABILITIES		
Non current		
Bank Loans-Secured	1,000,000	1,000,000

This is fully secured by the real estate owned by the Trust.

12. SEGMENT REPORTING

The Trust operates in the viticultural industry of Australia.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel in office during the financial year:

Name	Position
Ron Collins	Director of the Responsible Entity
Philip Slee	Director of the Responsible Entity

No compensation was paid by the Trust to key management personnel during the year.

(b) Transactions with Related Entities

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

- (i) St Magnus Vineyard Property Trust is a “Managed Investment Scheme” for which the “Responsible Entity” is Blaxland Vineyards Limited (ABN: 61 067 514 792) of 26 Greenock Road, Nuriootpa, SA, 5355.
- (ii) Charges retained by Blaxland Vineyards Limited after payment of vineyard maintenance costs during the year were \$17,160 (2010 \$13,125). The Responsible Entity or its associate holds 14,800 units in the property trust.

14. FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of the Trust’s financial assets represents the maximum credit exposure. The Trust’s maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2011	2010
	\$	\$
Cash and cash equivalents	19,764	33,689
Trade and other receivables	1,006,011	1,005,702
	1,025,775	1,039,391

The Trust’s maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	2011	2010
	\$	\$
Wholesale customers	-	-
Retail customers	-	-
End-user customers	1,005,003	1,005,003
	1,005,003	1,005,003

There are no significant customers of the Trust in 2011 and 2010

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS (contd)

Impairment losses

None of the Trust's receivables are past due (2010: nil). The aging of the Trust's trade receivables at the reporting date was:

	Gross 2011 \$	Impairment 2011 \$	Gross 2010 \$	Impairment 2010 \$
Not past due	1,005,003	-	1,005,003	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
More than one year	-	-	-	-
	1,005,003	-	1,005,003	-

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

30 June 2011

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loan	1,000,000	(1,000,000)				(1,000,000)	
Trade and other payables	27,275	(27,275)	(27,275)				

30 June 2010

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loan	1,000,000	(1,000,000)				(1,000,000)	
Trade and other payables	40,891	(40,891)	(40,891)				

ST MAGNUS VINEYARD PROPERTY TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14 FINANCIAL INSTRUMENTS (contd)

Interest rate risk (contd)

	Equity 100bp Increase \$	Profit or loss 100bp Increase \$
30 June 2011		
Variable rate instruments	(100,000)	(100,000)
Cash flow sensitivity (net)	(100,000)	(100,000)
30 June 2010		
Variable rate instruments	(100,000)	(100,000)
Cash flow sensitivity (net)	(100,000)	(100,000)

Fair Values

The fair values of financial assets and liabilities are equivalent to their carrying amount shown in the statement of financial position.

Estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 2.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 30 June 2011 plus an adequate constant credit spread, and are as follows:

	2011	2010
Loans and borrowings	6%	6%

15. THE PROPERTY TRUST

The St Magnus Vineyard Property Trust (ARSN 091 135 116) located at Adelaide Mannum Road Birdwood SA 5234 is a Managed Investment Scheme for the which the Responsible Entity is Blaxland Vineyards Limited (ABN 61 067 514 792). The registered address and the address for administration purposes is 26 Greenock Road, Nuriootpa, SA, 5355.

INDEPENDENT AUDITOR'S REPORT TO THE RESPONSIBLE ENTITY OF ST MAGNUS VINEYARD PROPERTY TRUST

Report on the Financial Report

We have audited the accompanying financial report of St Magnus Vineyard Property Trust, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Blaxland Vineyards Limited as responsible entity for St Magnus Vineyard Property Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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



Independence

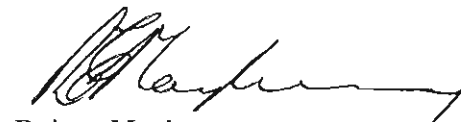
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of St Magnus Vineyard Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the trust's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).


Nexia Court & Co
Chartered Accountants


Robert Mayberry
Partner

Sydney

Dated: 15 September 2011

ST MAGNUS VINEYARD PROPERTY TRUST

DIRECTORY

Responsible Entity

Blaxland Vineyards Limited

Registered Office:
26 Greenock Road, Nuriootpa, SA, 5355.
Phone: (08) 8562 2815

Directors of the Responsible Entity

Neil R. MacKenzie
Ronald M. Collins
Philip J. Slee
Matthew J. Alexander

Independent Accountants and Auditors of the Trust

Nexia Court & Co Chartered Accountants
Australia Square
Level 29, 264 George Street
Sydney NSW 2000

Property Location

Adelaide Mannum Road
BIRDWOOD SA 5234

Property Trust Administration

Blaxland Vineyards Limited
PO Box 100
Nuriootpa, SA, 5355