

Sheep Producers Australia Limited

Financial Statements

For the Year Ended 30 June 2023

ACN 621 947 206

ABN 21 256 252 885



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Directors' Report 30 June 2023

The Directors present their report on Sheep Producers Australia Limited (SPA) for the financial year ended 30 June 2023.

General information

Director Information

The names of the directors in office at any time during or since the end of the year are:

Names	Position	Appointed
Mr Andrew Spencer	Independent Chair	
Ms Kerry Harris	Independent Director	Appointed November 2022
Dr Anne Astin	Independent Director	Retired November 2022
Mr Jamie Heinrich	Member Elected Director	Reappointed November 2022
Ms Belinda Murray	Member Elected Director	
Dr Elizabeth Jackson	Member Elected Director	
Mr Robert Herrmann	Member Elected Director	
Mr Ben Thomas	Member Elected Director	

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

Company Secretary

Tracey-Anne Leahey currently holds the position of Company secretary.

Principal activities

SPA is the peak industry organisation for sheep and lamb producers. SPA works to enhance the industry's productivity, profitability and sustainability by effectively representing all producers to Government and Industry decision-makers.

Key Objectives for 2023

- Consolidate Sheep Producers Australia Financial Position
- Implement the Annual Operating Plan
- Increase the profile and awareness of SPA's role, activities, and programs
- Represent and promote the interests of sheep producers
- Contribute to the RedMeat2030 Annual Performance Review Project

Performance Measures

- Net assets of \$1.000m
- There is a monitoring and evaluation framework in place reviewing performance against the Annual Operating Plan and associated work programs
- Attendance of SPA representatives and at major events and timely reporting of outcomes.
- Policy priorities are communicated to the Agriculture Minister, government, supply chain and industry partners
- A Progress Report on the status of the RedMeat 2030 success indicators is published

Members' Guarantee

Sheep Producers Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10 for members that are corporations and \$ NIL for all other members, subject to the provisions of the company's constitution.

At 30 June 2023 the collective liability of members was \$70 (2022: \$70).

Information on Directors

Mr Andrew Spencer Independent Non-executive Chair

Qualifications

Bachelor of Agricultural Science (BAgSc – Melb)
Graduate of the Australian Institute of Company Directors (GAICD)
Fellow of the Institute for Managers and Leaders (FIML)
Associate Fellow of the Australian Rural Leadership Foundation (AFARLF)

Experience

Australian Farm Institute: Chair
Sheep Industry Health and Welfare Trust: Non-executive Director
Red Meat Advisory Council: Non-executive Director
PorkScan Pty Ltd: Chair
Ancer Consulting Pty Ltd: Principal

Prior Experience

Cooperative Research Centre for High Integrity Australian Pork: Director
Australasian Pork Research Institute Ltd: Director
Australian Pork Ltd: Chief Executive Officer
Agribusiness professional for the past 38 years

Information on Directors continued ...

Ms Kerry Harris Independent Non-executive Director

Qualifications Bachelor of Commerce (BComm – Curtin University)
CPA Fellow
Graduate Australia Institute of Company Directors (GAICD)

Experience

28 National Limited: Chair
Rocky Bay: Non-executive Director
Veterinary Practitioners Registration Board: Non-executive Director
Volunteering Australia: Non-executive Director and Chair: Finance and Audit Committee
Women Onside: Chair

Prior Experience

CPA Australia: Victorian and WA Councillor, Member: Appointments Council, and Member: Nominations Committee
Football Australia: Member, Finance Audit and Risk Committee
Executive career as COO and CFO in professional and in Member based organisations

Mr Jamie Heinrich Member Appointed Director

Qualifications Bachelor of Business (International Business)
Nuffield Scholarship: *“The key factors for attracting and retaining young people in the sheep industry”*
Certificate III in Rural Operations

Experience

Agriculture Kangaroo Island: Chair
Ella Matta Pastoral: Owner, Director
Meat and Livestock Australia: Board Selection Committee
Sheep Industry Sustainability Framework: Board Member

Prior Experience

Thomas Foods International
Beef Livestock Coordinator and Project Coordinator of Systems Integration
International Trade Delegate: various
Livestock SA: Director
On farm positions: domestic and international

Information on Directors continued ...

Mr Robert Herrmann Member Appointed Director

Qualifications

Associate Diploma of Business Management (Marketing): Deakin University.
Authorised Representative of Australian Financial Services Licence (AFSL) 516316
Responsible Authority of AFSL 516316
Marcus Oldham Rural Leadership Program: *"A vision for agriculture"*
Certificate 4 in Assessment & Workplace Training
Member of Australian Institute of Company Directors (MAICD)

Experience

Nutrien Ag Solutions, Agency, Market & Product Specialist
Forty years of experience in all aspects of agriculture, including production, service delivery and development of business strategy.
Understanding of the challenges and opportunities of the sector.
Vast connections across producers and the agricultural industry.
Strong communication skills and ability to articulate and prosecute a point of view.
Ability to listen to other views, and to include and engage all participants in discussion
Sheep Producers Australia: Finance Audit and Risk Management Committee: Member

Dr Elizabeth Jackson Member Appointed Director

Qualifications

Bachelor of Agribusiness Marketing (Hons I)
Master of Business Administration
Doctorate of Philosophy (PhD) in Agribusiness
Senior Fellow of the Higher Education Academy (UK)
Graduate of the Australian Institute of Company Directors (GAICD)

Experience

Member elected Non-executive Director of Agribusiness Australia (2023-present)
International Journal of Logistics: Research & Applications: Regional editor (2020 – present)
Associate Professor of Supply Chain Management & Logistics (Curtin University)
Visiting Academic at the Royal Veterinary College (UK) (2020 – present)
Visiting Academic at Heriot-Watt University (2023)
WA Farmers Livestock Council: Member
Farm experience: grains, sheep, cattle (intensive, extensive & pastoral), stud breeding (various)

Former Experience

Senior Lecturer in Business Management (Royal Veterinary College, UK)
Lecturer in Agribusiness (Newcastle University, UK)
Canola Breeders Australia: Business Development Manager
CBH Group: District Manager
Royal College of Veterinary Surgeons' EBVM Knowledge Group (Business) (2015-2017): Chair

Information on Directors continued ...

Mr Ben Thomas Member Appointed Director

Qualifications Bachelor Rural Science (UNE)
Masters of Agribusiness (University of Melbourne)
Melbourne Business School Meat Executive Program
Graduate Australia Institute of Company Directors (GAICD)

Experience

Sheep Sustainability Framework: Board Member
Sheep Producers Australia: Finance Audit and Risk Management Committee: Member
Portfolio Manager for an Agricultural Asset Manager, overseeing livestock and cropping farms across southern Australia for clients

Prior Experience

Media and Sponsorship Coordinator for the Australian Intercollegiate Meat Judging Association
Agri-banking and finance (Rabobank)
Livestock market analysis and presentations: Meat and Livestock Australia
Managing a mixed sheep, cattle and hay farm, Canada
Cadetship with Twynam Pastoral Company

Ms Belinda Murray Member Appointed Director

Qualifications Bachelor of Animal Science (Hons I)
Certificate IV Business
Graduate Australian Institute of Company Directors (GAICD)

Experience

Kunmallup Pastoral Company: Owner, Director
Live Export Research and Development Advisory Committee: Member
Meat and Livestock Association Red Meat Panel: Member
Pastoralists & Graziers Association (PGA): Executive Committee Member
PGA Livestock Committee: Vice Chair
28 National Limited: Non-executive Director
Sheep Producers Australia : Finance Audit and Risk Management Committee : Member

Prior Experience

Dept Primary Industry IRD Live Export Reference Group: Member
LambEx 2018 Organising Committee: Chair
PGA of WA Policy Director Property Rights and Business Management
Red Meat Industry Council Industry Corporate Affairs Advisory Group: Member
Sheep genetics research officer
West Australian Meat Industry Authority: Director
WoolPoll 2015: Panel Member

Operating results and review of operations for the year

Operating results

The profit of the company after providing for income tax amounted to \$39,674 (2022: surplus of \$32,563).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations show a profit of \$39,674.

Meeting of Directors

During the financial year, 7 (including Annual General meetings) meetings of directors were held.

Director	Eligible to attend	Board Meetings Attended
Mr Andrew Spencer (Chair)	7	7
Dr Anne Astin	2	2
Ms Kerry Harris	3	3
Mr Jamie Heinrich	7	7
Mr Robert Herrmann	7	6
Dr Elizabeth Jackson	7	7
Ms Belinda Murray	7	7
Mr Ben Thomas	7	7

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on page 25 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director
Mr Andrew Spencer
1 November 2023



Director
Kerry Harris
1 November 2023



Chartered Accountants

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AUSTRALIA

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Independent Auditor's Report to the members of Sheep Producers Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sheep Producers Australia Limited (the company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the company at the date of this report.

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

Other Information

The Directors are responsible for the other information.

The other information obtained at the date of this auditor's report is included in the Directors' Report and Surplus and Loss Account Statement, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

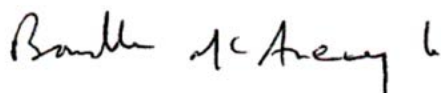
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Bandle McAneney & Co



Anthony J Bandle FCA
Partner

Canberra

Dated 1 November 2023

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the company.
2. 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.



Mr Andrew Spencer
Dated 1 November 2023



Ms Kerry Harris
1 November 2023

**SHEEP PRODUCERS AUSTRALIA LIMITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

ACN 621947 206 ABN 21 256 252 885

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023**

	Note	2023	2022
		\$	\$
Revenue	3(a)	1,769,023	1,526,759
Investment income	3(b)	4,441	369
Board and Committee expenses		(250,507)	(248,105)
Subscriptions		(58,340)	(49,929)
Project expenses		(384,297)	(237,584)
Operating Expenses		(154,882)	(117,998)
Employment expenses		(799,133)	(754,353)
Property Operating expense		(74,640)	(82,356)
Finance expenses		(1,576)	(667)
Depreciation		(10,415)	(3,573)
Surplus for the year		<u>39,674</u>	<u>32,563</u>
Total comprehensive income for the year	4	<u><u>39,674</u></u>	<u><u>32,563</u></u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Financial Position As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	224,465	498,342
Trade and other receivables	6	487,566	203,151
Financial assets	7	599,388	450,000
Other assets	8	44,140	64,842
TOTAL CURRENT ASSETS		1,355,559	1,216,355
NON-CURRENT ASSETS			
Property, plant and equipment	9(a)	4,604	7,342
Right of use asset	9(b)	426,403	576,906
TOTAL NON-CURRENT ASSETS		431,007	584,248
TOTAL ASSETS		1,786,566	1,800,583
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	199,947	89,011
Employee benefits	11	30,599	24,685
Contract liabilities	12	215,891	234,543
TOTAL CURRENT LIABILITIES		446,437	348,239
NON-CURRENT LIABILITIES			
Contract liabilities	12	315,777	467,666
TOTAL LIABILITIES		315,777	815,905
NET ASSETS		762,214	984,678
EQUITY			
<i>Retained earnings</i>		1,024,352	984,678
TOTAL EQUITY		1,024,352	984,678

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

**SHEEP PRODUCERS AUSTRALIA LIMITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

ACN 621947 206 ABN 21 256 252 885

Statement of Changes in Equity For the Year Ended 30 June 2023

2023

	Retained earnings	Total
	\$	\$
Balance at 1 July 2022	984,678	984,678
Surplus attributable to members of the entity	39,674	39,674
Balance at 30 June 2023	<u>1,024,352</u>	<u>1,024,352</u>

2022

	Retained earnings	Total
	\$	\$
Balance at 1 July 2021	952,115	952,115
Surplus/(deficit) attributable to members of the entity	32,563	32,563
Balance at 30 June 2022	<u>984,678</u>	<u>984,678</u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and funding bodies	1,516,550	1,817,734
Payments to suppliers and employees	(1,470,961)	(1,322,967)
Interest received	4 4,383	389
Net cash provided by/(used in) operating activities	16 49,972	495,156
CASH FLOWS FROM INVESTING ACTIVITIES:		
Allocations to term deposit	(149,388)	0
Purchase of property, plant and equipment	9(a) (7,677)	(3,668)
Net cash provided by/(used in) investing activities	(157,065)	(3,668)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of lease liabilities	(166,784)	(161,145)
Net cash used in financing activities	(166,784)	(161,145)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(273,877)	330,343
Cash and cash equivalents at beginning of year	498,342	167,999
Cash and cash equivalents at end of financial year	5 224,465	498,342

Notes to the Financial Statements For the Year Ended 30 June 2023

The financial report covers Sheep Producers Australia Limited as an individual entity. Sheep Producers Australia Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Sheep Producers Australia Limited is Australian dollars. Comparatives are consistent with prior years, unless otherwise stated.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Summary of significant accounting policies

(a) Income tax

Sheep Producers Australia Limited is exempt from company income taxation under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of Goods and Services Tax (GST)

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

Revenue from contracts with project funding bodies

The core principle of AASB 15 is that revenue from project contracts is recognised on a basis that reflects the transfer of promised services to at an amount that reflects the consideration the company expects to receive in exchange for those services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the funding body
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Contract assets and liabilities

Where the amounts invoiced under project contracts are based on the achievement of various milestones and performance obligations established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts invoiced to funding bodies in the period.

When a performance obligation is satisfied before the funding body pays consideration or the before payment is due, the company presents the contract as a contract asset, unless the company's rights to that amount of consideration are unconditional, in which case the company recognises a receivable.

When an amount of consideration is received from the funding body prior to the company satisfying the contracted milestones and performance obligations, the company presents the contract as a contract liability.

(c) Revenue and other income

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

(d) Goods and services tax (GST)

Revenue, 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the asset's useful life to the company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and equipment	10 - 40%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets comprise trade other receivables and term deposits and are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

Financial liabilities

The company's financial liabilities include trade and other payables which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the company assesses whether there is any objective evidence that a financial asset is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(g) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where the amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangible assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) 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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period 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 satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss

(k) Leases

At inception of a contract, the company assesses whether a lease exists – i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The organisation has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use
- The organisation has the right to direct the use of the asset i.e., decision-making rights in relation to changing how and for what purpose the asset is used.
- The organisation has elected not to separate non-lease components from lease components and has accounted for all leases as a single component.

At the lease commencement, the organisation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(k) Leases continued...

The right-of-use asset is assessed for impairment indicators at each reporting date. The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the organisation's incremental borrowing rate is used. After initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the company's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The organisation has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the organisation recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Revenue and other income

(a) Revenue from continuing operations

	2023	2022
	\$	\$
Operating		
State Farming Organisation Memberships	109,460	104,148
Red Meat Industry Fund Distributions	253,554	237,107
Project Income	1,406,009	1,185,026
Other Income	0	478
	<u>1,769,023</u>	<u>1,526,759</u>

(b) Investment income

Interest received	4,441	369
	<u>4,441</u>	<u>369</u>
TOTAL INCOME	1,773,464	1,527,128

4 Result for the year

The result for the year includes the following specific expenses:

Depreciation and amortisation:

Depreciation – property, plant and equipment	10,415	3,573
Depreciation – Right of use asset	150,504	150,504
	<u>160,919</u>	<u>154,077</u>

5 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	224,465	498,342
	224,465	498,342
	224,465	498,342

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	224,465	498,342
	224,465	498,342
	224,465	498,342

6 Trade and other receivables

CURRENT

Trade receivables	487,566	203,093
Interest receivable	0	58
	487,566	203,151
	487,566	203,151

7 Financial assets

CURRENT

Term deposits and Investments	599,388	450,000
	599,388	450,000
	599,388	450,000

8 Other assets

CURRENT

Prepayments	44,140	64,842
	44,140	64,842
	44,140	64,842

9(a) Property, plant and equipment

PLANT AND EQUIPMENT

Property, plant and equipment

At cost	53,682	46,005
Accumulated depreciation	(49,078)	(38,663)
	4,604	7,342
Total property, plant and equipment	4,604	7,342
	4,604	7,342

9(a) Property, plant and equipment continued
Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2023	2022
	\$	\$
Year ended 30 June 2023		
Balance at the beginning of year	7,342	7,246
Additions	7,677	3,668
Disposals	0	0
Depreciation expense	(4) (10,415)	(3,572)
Balance at the end of the year	<u>4,604</u>	<u>7,342</u>

9(b) Right of use asset

Right of use asset is the Company's non-cancellable property lease of the Sheep Producers Australia Limited Office

AASB 16 related amounts recognised in the balance sheet:

Right of use asset leased premises	752,498	752,498
Accumulated depreciation	(326,095)	(175,592)
Total right of use asset	<u>426,403</u>	<u>576,906</u>

AASB 16 related amounts recognised in the statement of profit and loss:

Depreciation charge relating to right of use asset	150,504	150,504
Interest expenses on lease liabilities	28,242	35,084
Total	<u>178,746</u>	<u>185,588</u>

10 Trade and other payables

CURRENT

Trade payables	71,427	6,952
GST payable	28,438	47,855
Accrued expenses	99,517	4,900
Payroll liabilities	565	29,304
	<u>199,947</u>	<u>89,011</u>

11 Employee benefits

	2023	2022
	\$	\$
CURRENT		
Long service leave	0	0
Annual leave	30,599	24,685
	30,599	24,685

12 Contract liabilities

CURRENT		
Department of Agriculture, Fisheries and Forestry	64,000	96,000
Lease Liability – Right of use asset	151,891	138,543
	215,891	234,543
NON-CURRENT		
Lease Liability – Right of use asset	315,777	467,666
	315,777	467,666

13 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director of the company.

The total remuneration paid to key management personnel of the company is \$269,691 (2022 \$281,405).

14 Related parties

(a) The company's main related parties are as follows:

The company's related parties include key management personnel - refer to Note 13.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

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

Other than remuneration as Per Note 13, reimbursement of direct expenses and affiliation fees from state members as disclosed in Note 3(a) there have been no other transactions with related parties.

15 Contingencies

In the opinion of the Directors, the company did not have any contingencies on 30 June 2023.
(30 June 2022: NIL).

16 Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2023	2022
	\$	\$
Surplus/(deficit) for the year	39,674	32,563
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation, lease depreciation and interest expense on right of use assets	189,161	189,161
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(284,415)	258,122
- (increase)/decrease in other assets	20,702	(27,623)
- increase/(decrease) in trade and other payables	110,936	23,907
- increase/(decrease) in contract liabilities	(32,000)	32,873
- increase/(decrease) in employee benefits	5,914	(13,847)
Cash flows from operations	49,972	495,156

17 Property Operating Expenses

Sheep Producers Australia Limited holds the sublease to the commercial office space it occupies at 28 National Circuit, Forrest ACT 2603.

In concert with the sublease, the company holds four Deeds of Underlease for the commercial office space. These Deeds are held with Red Meat Advisory Council, Australian Livestock Exporters Council, Meat and Livestock Australia and Australian Meat Industry Council. The amounts reflected in the Property Operating Expenses are the direct property operating costs associated with the operations of the company.

18 Statutory information

The registered office and principal place of business of the company is:
Ngunnawal Country
Level 2, The Burns Centre
28 National Circuit
Forrest ACT 2603

19 Auditors remuneration

Audit and review of the financial statements : Audit fees paid 30 June 2023 \$8,300
(30 June 2022 \$8,000).



Chartered Accountants

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Sheep Producers Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Bandle McAneney & Co.', written in a cursive style.

Bandle McAneney & Co

A handwritten signature in black ink, appearing to read 'Anthony J Bandle', written in a cursive style.

Anthony J Bandle FCA
Partner

Canberra

Dated 1 November 2023