

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Financial Statements

For the Year Ended 30 June 2018

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

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For the Year Ended 30 June 2018

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Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Directors' Report

30 June 2018

The directors present their report on Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated) for the financial year ended 30 June 2018.

1. General information

On 7 August 2017 the members of the Sheepmeat Council of Australia Incorporated agreed to convert the entity from an incorporated association registered in the ACT to a company limited by guarantee under the *Corporations Act 2001*. This transition occurred on 27 September 2017 and the company named Sheepmeat Council of Australia Limited was formed. On 24 October 2017 the company then changed its name to Sheep Producers Australia Limited on the transition date. The company retained its ABN during this process and the company ACN given on forming is 621 947 206.

Director information

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

Names	Position	Appointed/Resigned
Dr Anne Astin	Independent Director	Appointed 11 January 2018
Mr David Boyle		Resigned 14 November 2017
Mr Michael Craig	Director	
Mr Ron Cullen		Resigned 14 November 2017
Mr Rupert Gregg		Resigned 14 November 2017
Mr Jamie Heinrich	Director	Appointed 14 November 2017
Mr Christopher Kemp		Resigned 14 November 2017
Mr Ian McColl	Director	Appointed 14 November 2017
Mr Chris Mirams	Executive Chair	Appointed 21 December 2017
Mr Mark Murphy		Resigned 14 November 2017
Ms Bindi Murray	Director	Appointed 14 November 2017
Mr Jeff Murray		Resigned 14 November 2017
Mr Allan Piggott	President	
Mr John Wallace		Resigned 14 November 2017
Mr Chris Wallace-Smith		Resigned 14 November 2017

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

Company secretary

Kathleen Giles held the position of company secretary during the financial year.

Principal activities

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

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

1. General information continued

On 7 August 2017 the members of the Sheepmeat Council of Australia Incorporated agreed to convert the entity from an incorporated association registered in the ACT to a company limited by guarantee under the *Corporations Act 2001*. This transition occurred on 27 September 2017 and the company named Sheepmeat Council of Australia Limited was formed. On 24 October 2017 the company then changed its name to Sheep Producers Australia Limited on the transition date. The company retained its ABN during this process and the company ACN given on forming is 621 947 206.

Short term objectives

The company's short term objectives to March 2019 are to:

- Strengthen its financial systems and management reporting;
- Develop a Crisis Management Framework, including conducting a simulation exercise;
- Review and strengthen the SPA policy committees to provide more robust and timely advice to the board and industry;
- Improve relationships with State Farming organisations, including undertaking an "Operational Workshop" with each before April 2019; and
- Increase the SPA Leadership Networks engagement with online communities, including one new module that reinforces the recently completed "Change Challenge" video.

Longer term objectives for 2019

The company's longer term objectives include:

- Develop a three-year SPA Strategic Plan by June 2019, to ensure the organisation provides relevant, timely and valuable services to the Australian Sheep Industry;
- Continue to develop the SPA Leadership Network, including a series of regional workshops and new online modules;
- Participate strongly in developing the 2025 Meat Industry Strategic Plan (MISP), to enable the industry to meet significant strategic Challenges and Opportunities;
- Commence the development of a Sheep Industry 2025 Sustainability Framework.

Strategy for achieving the objectives

Specific project teams are currently working to complete major short-term objectives. Planning has commenced to appoint an independent facilitator to work with a SPA strategic team in 2019. This will include stakeholder engagement and a series of workshops around the country to develop the organisational strategy

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

1. General information continued

On 7 August 2017 the members of the Sheepmeat Council of Australia Incorporated agreed to convert the entity from an incorporated association registered in the ACT to a company limited by guarantee under the *Corporations Act 2001*. This transition occurred on 27 September 2017 and the company named Sheepmeat Council of Australia Limited was formed. On 24 October 2017 the company then changed its name to Sheep Producers Australia Limited on the transition date. The company retained its ABN during this process and the company ACN given on forming is 621 947 206.

Performance measures

The following measures are used within the company to monitor performance:

- Approval by the Board of the three-year Strategic Plan by June 2019, including specific implementation objectives and milestones;
- Monthly monitoring of approved budgets, particularly cash-flow and associated variances;
- Regular meetings of the board and Audit & Risk Committee;
- On-going development of automated financial controls (e.g. Xero) and financial management reports; and
- Quarterly updates with SPA members, particularly State Farming Organisations.

Members' guarantee

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated) 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 2018 the collective liability of members was \$ NIL (2017: \$ NIL).

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

2. Information on directors

Dr Anne Astin PSM

Qualifications

Independent Director

Doctor of Philosophy (PhD) in Biochemistry

Bachelor of Science with Honours in Biochemistry

Bachelor of Science in Chemistry

Graduate Diploma in Public Sector Management

Fellow of the Australian Institute of Food Science and Technology

Member of the Australian Institute of Company Directors

Experience

Non-Executive Director (current)

- Dairy Food Safety Victoria Board (2017-2019) - Chair
- William Angliss Institute of TAFE Board (2014-2019) - Chair
- Food Agility Co-operative Research Centre (2016-2020) - Chair
- SafeFish Partnership (2014-2018) - Chair
- Catholic Social Services Victoria (2016-2019) - Councillor
- Australian Packaging Covenant Organisation (2016-2019) - Director and Chair of Finance, Audit and Risk Management Committee
- Kildare Ministries (2017-2020) - Trustee
- New Zealand Food Safety Science and Research Centre - International Science Advisory Panel (2016-2019) - Member
- EnergySafe Victoria's Risk & Audit Committee (2011-2020) - Chair
- Health Star Rating Advisory Committee (2012-2019) - Member
- St Paul Apostle Finance Council (2005-present) - Member
- Banksia Environmental Sustainability Awards (2009-present) - Judge

Non-Executive Director (former)

- Australian Dairy Farmers Ltd (ADF) - Director
- ADF Audit and Risk Committee - Chair
- Australian Institute of Food Science and Technology - Chair
- Dairy Australia - Director
- Royal Botanic Gardens Melbourne - Director
- Wellsprings for Women Inc - Chair
- CSIRO Food and Agriculture Advisory Committee - Member
- Australia and New Zealand Implementation Sub-Committee for Food Regulation - Member
- Ministerial Women in Primary Industries Advisory Panel - Chair

Executive Management Experience

- Dairy Food Safety Victoria (2000-2011) - CEO
- Director Land Registry Victoria (1998-2000) - Executive Director

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

2. Information on directors continued

Mr Michael Craig

Director

Qualifications

Bachelor of Commerce
Bachelor of International Business/Asian Studies
Diploma in Financial Markets
Nuffield Scholarship
Graduate Australian Institute Company Directors

Experience

- Board Member Sheep Producers Australia
- 20 years on-farm experience managing Tuloona Pastoral Services, running 45,000 Dry Sheep Equivalent and 3,200 acres crop with two labour units
- Chair of Victorian Sheep & Goat Compensation Fund
- Steering Committee of the Advanced Livestock Measurement Technology for Global Competitive Australian Red Meat
- Treasurer South West Sire Evaluation Program
- Victorian Farmers Federation Livestock Council

Former experience

- Sheepmeat Council of Australia - Victorian Councillor
- Glen Hopkins CMA Board Director for Audit & Risk Committee & Remuneration Committee
- Glen Hopkins CMA Board Director for Wetlands & Rivers Advisory Committee
- Sheep and Goat Compensation Advisory Committee member
- Sheep Industry Standards & Guidelines Working Group

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

2. Information on directors continued

Mr Allan Piggott

Qualifications

Experience

President

Diploma of Applied Science (Agriculture)
Graduate Australian Institute of Company Directors
MLA Media Training

- 40 years' experience as a self-employed Farmer & Grazier in the Mallee of South Australia
- President Sheep Producers Australia
- Chair SA Sheep Industry Blueprint Working Group
- Member of Livestock SA
- Member of Royal Agricultural & Horticultural Society Executive Council
- Member Pastoral Committee - RA&HS

Former experience

- Vice President Sheepmeat Council of Australia
- Chair SA Regional Committee of SAMRC
- Chair 2014 LambEx organising committee
- Meat sheep representative on SA Sheep Advisory Group
- Board member SA Murray Darling Basin Natural Resource Management Board
- Member of Envirofund State Assessment Panel
- Chairman of the Mallee and Coorong NRM Group
- Chairman Coorong District Soil Conservation Board
- Member of the Coorong Districts Local Action Plan Steering Committee
- Founding organiser of the SA Junior Sheep Expo
- Chair Pastoral Committee - RA&HS

Mr Chris Mirams

Qualifications

Experience

Executive Chair

Diploma Financial Markets
Diploma Farm Management
Graduate Australian Institute of Company Directors
Graduate Australian Rural Leadership Program

- Partner Chris Mirams & Associates
- Partner Art Partners Australia
- Graham Centre Industry Advisory Panel

Former experience

- Director Meat & Livestock Australia
- Director MLA Donor Company
- Director Integrity Systems Company
- Chair Holbrook Landcare Network
- Chair Eastern Murray Landcare Network
- Chair EverGraze
- Deputy Chair Alpine Valleys Leadership Program
- Director The Scots School Albury
- 30 year professional career managing sheep and cattle stations

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

2. Information on directors continued

Mr Jamie Heinrich	Director
Qualifications	Bachelor of Business (International Business) Nuffield Scholarship; Topic: The key factors for attracting and retaining young people in the sheep industry Certificate III in Rural Operations
Experience	<ul style="list-style-type: none">- Livestock SA - Director- Agriculture Kangaroo Island - Vice Chair- Ella Matta Pastoral - Owner/Director- SPA Industry Leadership and Community Engagement Committee - Chair <p>Former experience</p> <ul style="list-style-type: none">- Beef Livestock Coordinator & Project Coordinator of Systems Integration- Thomas Foods International- Multiple positions on farm and in other countries- Participation in multiple trade delegations
Mr Ian McColl	Director
Experience	<ul style="list-style-type: none">- Board Member Sheep Producers Australia- Executive Councillor of New South Wales Farmers Association- 40 years' experience managing a mixed farming enterprise <p>Former experience</p> <ul style="list-style-type: none">- President of Sheepmeat Council of Australia- Board member of RMAC- Board member of Sheepmeat Council of Australia- Board member of Central West Landcare
Ms Bindi Murray	Director
Qualifications	Bachelor of Animal Science (Hons) Certificate IV Business Graduate and member of Australian Institute of Company Directors
Experience	<ul style="list-style-type: none">- Owner/Director Kunmallup Pastoral Company- Director WA Meat Industry Authority- Executive Member Pastoralists & Graziers Association- Director WA Sheep Alliance- 2018 LambEx Organising Committee - Chair

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Report

30 June 2018

3. Operating results and review of operations for the year

Operating results

The surplus of the company after providing for income tax amounted to \$ 19,719 (2017: \$ 80,968).

Review of operations

A review of the operations of the company during the financial year and the results of those operations show a small surplus of \$19,719. This is a pleasing result given the significant change and transition that occurred during the year, as well as the number of new projects undertaken.

4. Other items

Matters or circumstances arising after the end of the year

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

Meetings of directors

During the financial year, 7 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr David Boyle	2	2	-	-	-	-
Mr Michael Craig	5	5	-	-	-	-
Mr Mark Murphy	2	2	-	-	-	-
Mr Jeff Murray	2	2	2	2	-	-
Mr Allan Piggott	5	5	-	-	-	-
Mr John Wallace	2	2	2	-	-	-
Mr Ron Cullen	2	2	-	-	-	-
Mr Chris Wallace-Smith	2	2	2	2	-	-
Mr Rupert Gregg	2	2	2	2	-	-
Mr Chris Mirams	2	2	2	2	-	-
Dr Anne Astin	2	2	2	2	-	-
Mr Jamie Heinrich	3	3	-	-	-	-
Mr Ian McColl	3	3	2	2	-	-
Ms Bindi Murray	3	3	2	1	-	-
Mr Christopher Kemp	2	2	-	-	-	-

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Directors' Report

30 June 2018

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 30 of the financial report.

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

Director:

Director:

Dated 14 November 2018

Independent Auditor's Report to the members of Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated) (the company), which comprises the statement of financial position as at 30 June 2018, 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 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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).

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Independent Auditor's Report to the members of Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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.

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Independent Auditor's Report to the members of Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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.

Caroline Wilcher
Director
Boyce Assurance Services Pty Ltd

Dubbo
14 November 2018

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Knowledge. Insight. Experience.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 14 to 29, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2018 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.

Director

Director

Dated

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	3(a)	2,320,540	1,718,299
Other income	3(b)	16,285	17,926
Consultancy fees		(469,199)	(155,534)
Depreciation and amortisation	4	(11,388)	(15,380)
Employee benefits expense		(862,942)	(722,812)
Insurance		(5,873)	(3,054)
Interest expense		-	(223)
Loss on disposal of assets		(1,218)	-
Media and communications		(40,333)	(42,490)
Meeting and travel expenses		(466,305)	(389,896)
Occupancy costs		(55,985)	(40,971)
Office administration expenses		(46,651)	(34,331)
Professional fees		(21,380)	(9,276)
Promotions, sponsorships and scholarships		(314,776)	(221,701)
Subscriptions		(6,400)	(4,167)
Telecommunication costs		(14,657)	(15,421)
Surplus for the year		19,719	80,968
Other comprehensive income		-	-
Total comprehensive income for the year		19,719	80,968

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,174,761	636,031
Trade and other receivables	6	672,743	575,914
Financial assets	7	535,247	521,632
Other assets	8	-	35,323
TOTAL CURRENT ASSETS		<u>2,382,751</u>	<u>1,768,900</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,440	17,591
Intangible assets	10	-	5,572
TOTAL NON-CURRENT ASSETS		<u>12,440</u>	<u>23,163</u>
TOTAL ASSETS		<u>2,395,191</u>	<u>1,792,063</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	254,100	115,074
Employee benefits	12	40,852	35,266
Other liabilities	13	819,177	356,080
TOTAL CURRENT LIABILITIES		<u>1,114,129</u>	<u>506,420</u>
NON-CURRENT LIABILITIES			
Employee benefits	12	-	24,300
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>24,300</u>
TOTAL LIABILITIES		<u>1,114,129</u>	<u>530,720</u>
NET ASSETS		<u>1,281,062</u>	<u>1,261,343</u>
EQUITY			
Retained earnings		<u>1,281,062</u>	<u>1,261,343</u>
TOTAL EQUITY		<u>1,281,062</u>	<u>1,261,343</u>

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained earnings	Total
	\$	\$
Balance at 1 July 2017	1,261,343	1,261,343
Profit attributable to members of the entity	19,719	19,719
Balance at 30 June 2018	1,281,062	1,281,062

2017

	Retained earnings	Total
	\$	\$
Balance at 1 July 2016	1,180,375	1,180,375
Surplus attributable to members of the entity	80,968	80,968
Balance at 30 June 2017	1,261,343	1,261,343

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,955,115	1,806,587
Payments to suppliers and employees	(2,417,515)	(1,692,523)
Interest received	16,629	18,265
Net cash provided by/(used in) operating activities	18 <u>554,229</u>	<u>132,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of term deposit	(13,614)	(14,431)
Purchase of property, plant and equipment	9(a) (1,885)	(7,375)
Net cash provided by/(used in) investing activities	<u>(15,499)</u>	<u>(21,806)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	538,730	110,523
Cash and cash equivalents at beginning of year	636,031	525,508
Cash and cash equivalents at end of financial year	5 <u>1,174,761</u>	<u>636,031</u>

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

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

The functional and presentation currency of Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated) is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements 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.

2 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) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) 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).

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of significant accounting policies continued

(c) Revenue and other income continued

Grant revenue

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

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

Subscriptions

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

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 revaluation model.

Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the company, commencing when the asset is ready for use.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of significant accounting policies continued

(e) Property, plant and equipment continued

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 using trade date accounting, i.e. 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 are divided into the following categories which are described in detail below:

- loans and receivables; and
- held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these 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.

The company's trade and other receivables fall into this category of financial instruments.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of significant accounting policies continued

(f) Financial instruments continued

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

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 or group of financial assets is impaired.

Financial assets at amortised cost

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 accounts, 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 an 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 recoverable 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.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of significant accounting policies continued

(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.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Revenue and other income

(a) Revenue from continuing operations

	2018	2017
	\$	\$
Operating		
- Affiliation fees - State members	99,271	102,618
- Operating grants - RMAC	284,813	281,478
	<u>384,084</u>	<u>384,096</u>
Project income		
- Building Leadership Capability for the Sheep Industry	1,140,298	807,975
- CRC Extension Bid	30,943	-
- Provision of Animal HW&B Services	554,808	361,253
- Scientific and technical services for National Residues	203,682	96,997
- Other Projects	6,725	27,618
	<u>1,936,456</u>	<u>1,293,843</u>
Reimbursements		
- Meat & Livestock Australia (MLA)	-	40,360
	<u>2,320,540</u>	<u>1,718,299</u>

(b) Other income

- Interest received	16,285	17,926
	<u>16,285</u>	<u>17,926</u>

4 Result for the year

The result for the year was derived after charging / (crediting) the following items:

Interest expenses		
- ATO interest paid	-	223
	<u>-</u>	<u>223</u>

The result for the year includes the following specific expenses:

Depreciation and amortisation:		
Depreciation - furniture and equipment	5,817	7,059
Amortisation - website design and development	5,572	8,322
	<u>11,389</u>	<u>15,381</u>

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

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Notes to the Financial Statements

For the Year Ended 30 June 2018

5 Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	1,174,761	636,031
	<u>1,174,761</u>	<u>636,031</u>

(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	1,174,761	636,031
	<u>1,174,761</u>	<u>636,031</u>

6 Trade and other receivables

CURRENT

Trade receivables	670,653	573,069
Interest receivable	2,090	2,845
	<u>672,743</u>	<u>575,914</u>

7 Financial assets

CURRENT

Term deposits	535,247	521,632
	<u>535,247</u>	<u>521,632</u>

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Other assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	-	35,323
	<u>-</u>	<u>35,323</u>

9 Property, plant and equipment

PLANT AND EQUIPMENT

Furniture, fixtures and fittings

At cost

35,089 37,080

Accumulated depreciation

(22,649) (19,489)

Total furniture, fixtures and fittings

12,440 17,591

Total property, plant and equipment

12,440 **17,591**

(a) 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:

	Furniture and equipment	Total
	\$	\$
Year ended 30 June 2018		
Balance at the beginning of year	17,591	17,591
Additions	1,885	1,885
Disposals	(1,219)	(1,219)
Depreciation expense	<u>(5,817)</u>	<u>(5,817)</u>
Balance at the end of the year	<u>12,440</u>	<u>12,440</u>

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Intangible assets

	2018	2017
	\$	\$
Website design and development		
Cost	-	24,965
Amortisation	-	(19,393)
	<u>-</u>	<u>5,572</u>

(a) Movements in carrying amounts of intangible assets

	Website design and development	Total
	\$	\$
Year ended 30 June 2018		
Opening Balance	5,572	5,572
Amortisation	(5,572)	(5,572)
Closing value at 30 June 2018	<u>-</u>	<u>-</u>

11 Trade and other payables

CURRENT

Trade payables	99,150	29,397
GST payable	80,298	32,645
Accrued expenses	22,777	8,500
Payroll liabilities	51,875	44,532
	<u>254,101</u>	<u>115,074</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

12 Employee benefits

	2018	2017
	\$	\$
CURRENT		
Long service leave	18,170	15,938
Annual leave	22,682	19,328
	40,852	35,266
NON-CURRENT		
Long service leave	-	24,300
	-	24,300

13 Other liabilities

CURRENT		
MLA Building Leadership	212,509	356,080
AHA projects	3,156	-
Leadership in Agricultural Industries Fund	364,524	-
NRS GPI project	238,988	-
	819,177	356,080

14 Leasing commitments

(a) Operating leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	42,888	39,970
- between one year and five years	17,870	56,624
	60,758	96,594

On 1 December 2016 an agreement was entered into to sublet premises from the Cattle Council of Australia ("CCA"). The rent commitment is for 3 years from that date with the rental amount from July 2018 of \$3,574 plus GST per month.

15 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 \$ 300,476 (2017: \$ 235,701).

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

16 Related parties

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

The company's related parties include key management personnel - refer to Note 15.

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 15, 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.

17 Contingencies

In the opinion of the directors, the company did not have any contingencies at 30 June 2018 (30 June 2017:None).

18 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:

	2018	2017
Surplus for the year	19,719	80,968
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	5,572	8,321
- depreciation	5,817	7,059
- net loss on disposal of plant and equipment	1,218	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(96,829)	(302,559)
- (increase)/decrease in other assets	35,323	79,804
- increase/(decrease) in trade and other payables	139,026	19,139
- increase/(decrease) in other liabilities	463,096	230,742
- increase/(decrease) in employee benefits	(18,713)	8,856
Cashflows from operations	554,229	132,329

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Events occurring after the reporting date

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

20 Statutory information

The registered office and principal place of business of the company is:

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

14-16 Brisbane Avenue

BARTON ACT 2600

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

Signed

Caroline Wilcher
Director
Boyce Assurance Services Pty Limited

Dubbo

14 November 2018

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Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Disclaimer

For the Year Ended 30 June 2018

The additional financial data presented on pages 27-28 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)) in respect of such data, including any errors or omissions therein however caused.

Caroline Wilcher
Director
Boyce Assurance Services Pty Limited

Dubbo

14 November 2018

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Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Surplus and Loss Account

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Income		
Interest	16,285	17,926
Member subscriptions	99,271	102,618
Operating grants	284,813	281,478
Project income	1,935,039	1,293,843
CRC Extension bid	1,417	-
Other revenue	-	40,360
Total income	2,336,825	1,736,225
Less: Expenses		
Administration and service fees	-	1,072
Amortisation	5,572	8,322
Audit and accounting fees	21,155	10,821
Bank charges	827	931
Bookkeeping assistance	20,781	3,204
Computer and internet expenses	12,235	12,134
Consultancy fees - Biosecurity projects	77,935	-
Consultancy fees - Leadership building	117,158	94,375
Consultancy fees - NRS GPI	67,545	-
Consultancy fees - Professional development	28,386	61,159
Consultancy fees - Other project related	15,629	-
Consultancy fees - Sheep & lamb transaction levy review	107,688	-
Consultancy fees - SPA Transition and governance	54,858	-
Council meeting expenses	86,827	89,047
Depreciation	5,817	7,059
Insurance	5,873	3,054
Interest - ATO	-	223
Media and communications	40,333	42,490
Legal fees	225	(1,545)
Meeting costs	67,509	151,366
NFF Membership	6,400	4,167
Occupancy Costs	55,985	40,971
Office expenses	6,110	4,608
President and Vice President fees	13,525	35,700
Printing, stationery and postage	6,611	12,346
Promotions and sponsorships	47,097	106,142
Recruitment and board selection costs	70,461	465
Scholarships	267,678	115,559
Staff training	5,035	30,861
Subscriptions, licences and fees	86	37

Sheep Producers Australia Limited (formerly Sheepmeat Council of Australia Incorporated)

ABN 21 256 252 885

Surplus and Loss Account

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Superannuation	66,280	53,579
Telecommunications	14,657	15,421
Travel expenses	311,969	149,484
Wages and salaries	703,450	600,052
Workers compensation insurance	4,190	2,154
Total expenses	2,315,888	1,655,257
	20,937	80,968
Other items:		
Loss on disposal of assets	(1,218)	-
	(1,218)	-
Surplus for the year	19,719	80,968