



*Annual Report*  
*2016 - 2017*

Droughtmaster Stud Breeders'  
Society Limited

# DROUGHTMASTER STUD BREEDERS' SOCIETY LIMITED

1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017

Patron	In Transition
President	Michael Flynn
Vice President	Steven Pickering

## Directors

National	Steven Pickering
National	Doug Miles
National	Kevin Woolcock
Southern	Michael Flynn
Far Southern	Timothy Lloyd
South East	Brian Heck
Western	Ken Mutton
Central	Douglas Birch
Northern	Vacant
Far Northern	Jeff Williams
Special Skills	Paul Laycock

Chief Executive Officer	Neil Donaldson
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## Administration Staff

Office Manager	Samantha Maher
Registrar	Carmel Bell
Accounts	Toni Franklin
Administration	Leigh Eleison

## Society Office & Postal Address

40 Thorn Street  
IPSWICH QLD 4305  
Tel: 07 3281 0056 Fax: 07 3281 7957  
Email: [office@droughtmaster.com.au](mailto:office@droughtmaster.com.au)  
Web: [www.droughtmaster.com.au](http://www.droughtmaster.com.au)  
ABN: 19 010 129 683

*Office Holders & Staff*

# Annual Report 2016-2017

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## **President's Report**

I thank all Directors for their ongoing contribution to the progress of the Society and the breed. I described the previous years of my Board membership and Presidency as challenging but this year has taken that to new levels. However, this will be my last AGM as a member of the Board and I would like to encourage Members to support the people who continue on the Board. These people give up their time voluntarily and work to the best of their ability to benefit all members, while to some extent neglecting their families and businesses at home.

Despite challenging seasonal conditions for many of us, including myself at the Charleville property, the Beef Industry and Cattle Stud business are both enjoying buoyant times and the future looks very promising. I believe it is vitally important that the Members, the Board and the Society now work together to capitalise on the opportunities ahead. We are all well aware of breeds that believed too much in their own hype and failed to adjust to the modern industry and commercial clients' requirements, leading to some loss of penetration today. To ensure the Droughtmaster message is driven home to the Industry the Society has budgeted a record amount for Breed Promotion in the forthcoming year.

The MLA funded project involving influential (in terms of number of descendants) Droughtmaster, Brahman, and Santa bulls and applying genetic analysis and detailed production recording to develop genomic predictions for young animals for hard to measure female production traits, is progressing well. While there is no way these predictions will ever replace the need for visual assessment of structural soundness etc., I think they will be an incredibly important tool in further informing the selection process. The early data records on display at the Brian Pastures, Gayndah Field Day during the year indicated a wide variation in female performance attributable to different sires in all the breeds. However this a long term project and the information is in the very early stages of acquisition and analysis. I would like to thank the MLA and David Johnston and his research team for identifying Droughtmasters as one of the most significant breeds in Northern Australia and choosing them for inclusion in this important work. It should be noted that the predictive tools developed for one breed are not easily utilised in another similar breed. The spin-off of this project as has been previously advised, is the male progeny of these intensively recorded and registered cows. As you will be aware, the Droughtmaster Society, ABBA and some Santa Gertrudis breeders have acquired these cattle and with the support of the MLA are trialling them to collect carcass performance data for the three breeds. These cattle represent a small step in a long process and this year we killed 103 steers at an average weight of 340kg and average MSA Index of 56.82. We currently own a research mob of 236 steers. I believe this work is an important investment in the future of the Droughtmaster breed.

Once again, in closing I would like to thank the Members and Non-Members who volunteer to sit on committees; the staff who work tirelessly to ensure Members are looked after and the Society is run efficiently; the Directors who volunteer their time and expertise; and my wife Tracey who is looking forward to post-presidential life.

**Michael Flynn**  
President

## Chief Executive Officer's Report

The 2016/17 financial year has seen a turnaround for the Society with Inventory increasing by 2.9% to 30,767 (Registered Females) despite overall Membership dropping slightly. Stud Membership has actually increased slightly year on year.

This is a good indicator that we have turned the corner after a couple of years of reducing Inventory and we are entering a growth phase. Good cattle prices and reasonable seasons for a large part of Australia is largely responsible for this change. While this growth is small, it is a positive sign and has helped the Society to continue to operate profitably, while maintaining our normal level of service to Members.

Auction results are always a good indicator of success for the breed. A year on year comparison sees a 16 % increase in bulls sold to 1770 with 57% increase in average price to \$7199 and clearance rose by 4% to 93%. Buyers invested almost \$13 million in Droughtmaster bulls last year which was a 37% increase year on year.

The Joint Research Project with Brahmans and the Santa's continues to generate DNA related data at no cost to the Society and its Members, thanks to the strong cattle market and financial support from MLA.

In order to continue the growth in demand for Droughtmaster genetics, the Society continues to spend a large proportion of its income on promotion. In the 2016/2017 Financial Year we spent \$163,836 on promotion which included advertising in newspapers and magazines, displays at shows and field-days, conducting schools, designing and producing banners, flyers and brochures, production and distribution of Digest, overseas promotion, etc. We have also increased the amount spent on electronic media such as Beef Central and Farm-Online websites. Maintaining a regular and consistent presence in rural media is an important part of our marketing strategy.

We have also continued to use Facebook as a means of informing supporters who use social media for their communication. The Society website was upgraded at the end of this Financial Year using an in-house program which saved a significant amount of money. The Droughtmaster Digest magazine remains a vital promotion and marketing tool for our breed with each of the 3 editions during the year being mailed to more than 4,300 Droughtmaster breeders throughout Australia and the world.

As with all companies and organisation the costs of doing business continue to escalate. We are constantly reviewing our operations looking for ways to reduce or at least maintain our operating costs to ensure that we are not forced into large fee increases to the membership.

The electronic communication with Members through our E-News allows us to communicate with members in a more timely and cost effective fashion. We can quickly and easily target our communication at a selected group of people on our email list. A small number of Members who do not have internet access continue to receive their communication via post.

Our Office Manager, Samantha Maher continues to run our operations in an efficient and effective manner, harnessing the skills, experience and enthusiasm of our great team which includes Carmel Bell as Registrar, Toni Franklin as Accounts Officer and Leigh Eleison as part-time Administrative Assistant. The Members are very fortunate to have such a great team at the Society's Headquarters and I thank the staff sincerely for their contribution and the extra effort they make every day on behalf of the Members.

# Chief Executive Officer's Report

I would like to thank all the Members who volunteer their time and skills towards our various committees - your contribution is greatly appreciated. A big thank you also goes to the Members who attend shows, field days and other Droughtmaster events as exhibitors. Without your efforts, our promotional impact would be greatly diminished.

Whilst we have not had any major breed sponsors this year, we have had a multitude of event sponsors who are too numerous to mention, but thank you one and all. Your financial support has made our events more successful and in some cases would not have been possible without your support.

To all Directors, thank you for volunteering your time, as well as your efforts in what is often a thankless role, but a vitally important one.

Finally but not least, thank you to my wife Jo who has supported me throughout the year despite my regular absences from home.

**Neil Donaldson**  
Chief Executive Officer

## 2016/2017 Financial Report

I am pleased to report, despite challenging circumstances in recent times, the Society has been able to conduct its regular business and provide services to the Members and continue to generate a profit.

The Society generated a profit of \$36,164 for the 2016-2017 Financial Year, despite the less than buoyant nature of our industry in the last couple of years. This profit compared quite favourably with last year's profit of \$7,252.

This solid profit result was after the Board had quarantined \$40,000 of the profit from 2016 – 2017 Financial Year and put it aside for additional promotional expenditure in 2017 – 2018 Financial Year. The Board see 2017-2018 as a pivotal year for the breed and the seedstock industry in general and they are keen to boost breed promotion promotional expenditure in 2017-2018.

Increased inventory numbers in 2016 – 2017 generated a \$33,000 increase in income.

While most expenses experienced an increase year on year, the \$22,210 increase in total expenditure was due largely to the \$37,331 of export expenses which had been submitted to Austrade for an Export Market Development Grant. A portion of the grant was received after the close of our Financial Year and the balance is currently under review.

Currently our Research Herd of 236 head of steers is valued in our Balance Sheet at \$120,024. This figure is based on purchase price rather than actual value.

While promotional expenditure of \$163,836 was down 3% year on year, the income from Members' Breed Promotion Levies of \$150,973 was spent totally on promotion again this year.

"Promotional Income – Other" includes income from Advertising, RNA, Breedplan, Cataloguing Fees, Publications, Merchandise Sales and Promotion events (i.e. Field Days, Feature Show, Schools, Futurity Show, etc).

Persistent attention by staff, saw Bad Debts reduced significantly to \$357 compared with \$2,516 in 2015-2016.

Overall, the Society is in a healthy financial position with reasonable cash reserves and with vigilant monthly reviews of our financial position we are well placed to continue in that vein.

### Neil Donaldson

Company Secretary

On behalf of the Audit & Finance Committee.

## South East Zone

Our South East Zone has had a challenging but great year with some great events happening.

Some of the events included the Boonah Droughtmaster Feature Show with a big showing of our great Breed with many of our members competing successfully.

Congratulations and a big thank you to our members in the Boonah area for organising such a great and successful event.

Great to see our Zone growing with many new members in the last 12 months. We welcome you all and we know you will enjoy breeding "Droughtys" and meeting many new Droughtmaster friends.

We had a great meeting at Hazelwood Droughtmasters where we heard from Paul Kenny about Semen Collection, Morphology, Scanning etc. It was a great day out and we say thank you to the Woods Family for hosting us and showing us their lovely cattle.

The EKKA was another good place to catch up and to see many of our South East Zone members competing again successfully. Thank you to all of you who took the time and effort to show off our great breed to the world around us.

In June a few of us went to South Africa to meet and encourage the Droughtmaster Breeders in their country. It was a great trip meeting with many wonderful people and enjoying their hospitality.

They certainly face challenges in that country from cattle thieving to constantly fighting with Government officials who make it very difficult to import Droughtmaster Genetics into the country.

September saw many of our Zone members involved successfully in the DN. Sale at Gracemere.

December we enjoyed our Christmas Party get together at the Phoenix Hotel in Gympie. What a wonderful time was had by all. It was great to catch up and meet new friends.

March we again saw many of our members involved in the Gatton Futurity, it is good to see the Futurity still growing with a big thank you to Val Evans and her team of helpers.

Our National Droughtmaster Female Sale saw another successful sale with a big thank you to our committee members for all the effort they put into our sale.

Thank you to all our members who make our Zone a wonderful place to be a part of. Look forward to catching up with you soon.

**Brian Heck**

South East Zone Director



## **Far Northern Zone**

Well another year has passed with the Droughtmaster Society and up here in sunny Far North Queensland we have had another year with below average rainfall, but most producers got through the year. Presently we are getting good grass rain but very little big rain to fill dams.

On the other side cattle prices have remained good for most of the year after a terrible three or four years, let's hope they stay up. By all reports Bull and Heifer demand and sales has been good, but on the disappointing side we had to cancel our Female sale this year due to lack of numbers. My thanks and appreciation goes out to all that have supported the sale in the past and every effort will be put into getting it going again in January 2018. Please support if you can.

My thanks go out to all those who have hosted meetings this year and a big thanks to all who have attended.

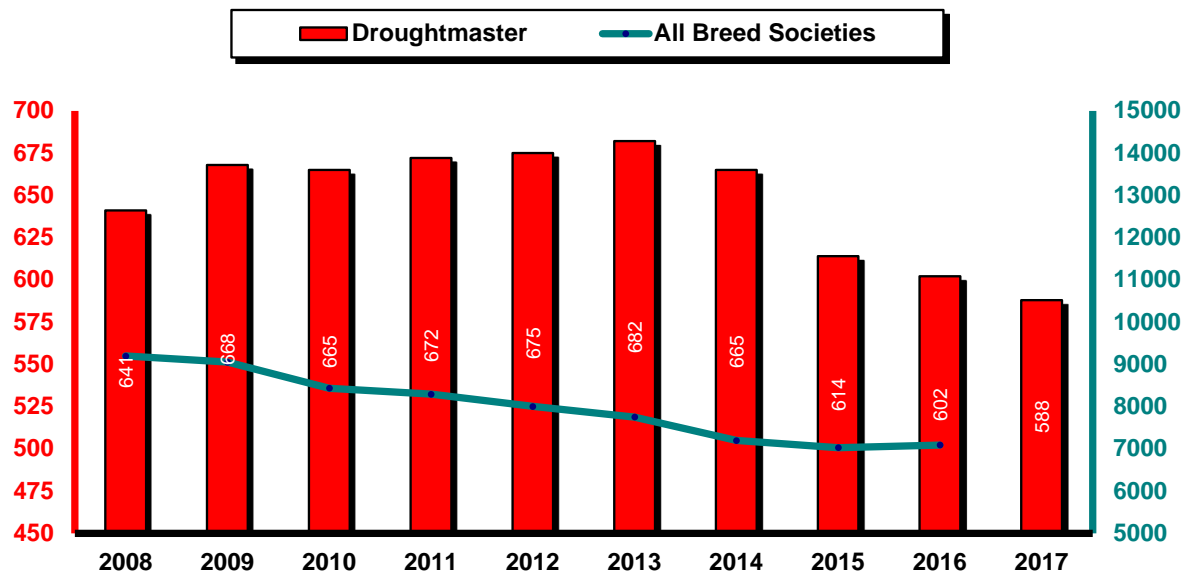
It was great to see the Droughtmaster cattle perform excellent in the Far Northern Show Circuit this year with several Supreme Exhibits, Champion Bulls and Champion Females. It was an excellent display of the Droughtmaster breed and a big thanks to all those studs who made the effort, and as one very respected judge said these Droughtmaster cattle would hold up in any show in Australia.

Well once again I thank you for your support over the past year.

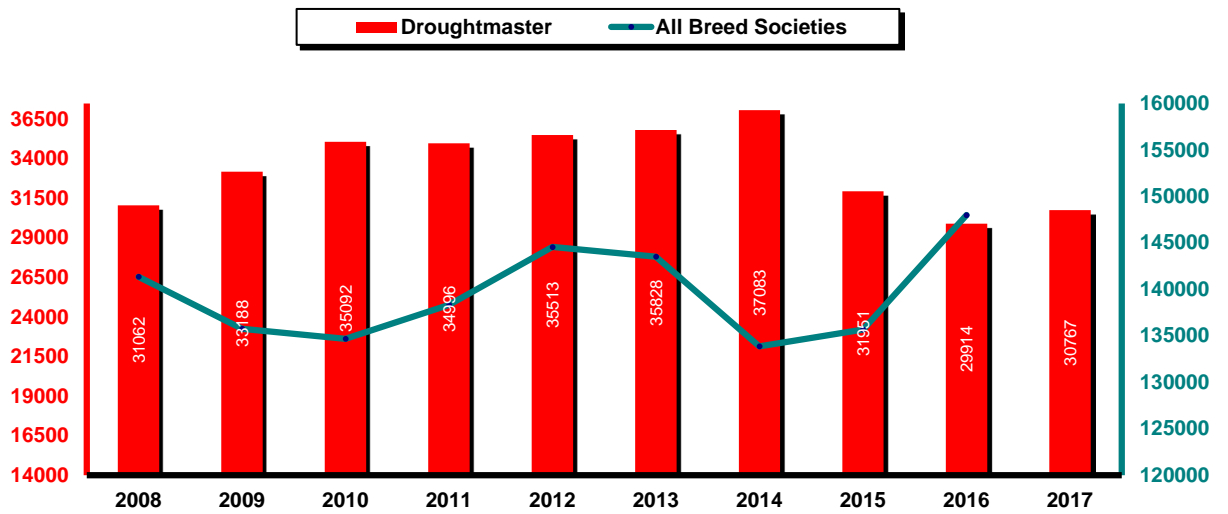
**Jeff Williams**

Far Northern Zone Director

## MEMBERSHIP 2008 - 2017



## INVENTORY 2008- 2017

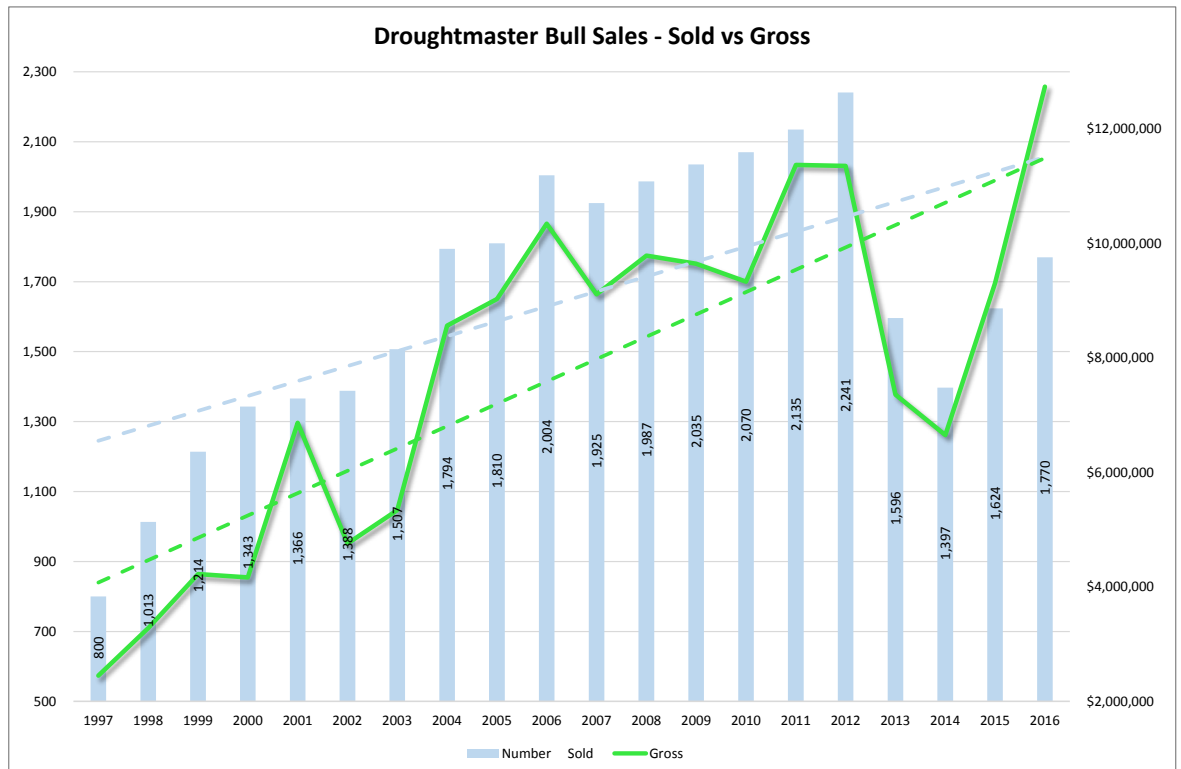


N.B. These are Calendar Year results NOT Financial Year results

## Droughtmaster Bull Auction Sale Results

Year	Number Sold	Gross	Top	Average	Clearance
1997	800	\$2,450,000	\$17,000	\$3,065	93%
1998	1,013	\$3,280,790	\$26,000	\$3,239	90%
1999	1,214	\$4,226,250	\$28,000	\$3,481	95%
2000	1,343	\$4,166,800	\$42,000	\$3,103	87%
2001	1,366	\$6,868,061	\$46,000	\$5,028	96%
2002	1,388	\$4,760,000	\$60,000	\$3,549	81%
2003	1,507	\$5,340,090	\$70,000	\$3,544	87%
2004	1,794	\$8,566,190	\$95,000	\$4,775	96%
2005	1,810	\$9,032,350	\$140,000	\$4,990	91%
2006	2,004	\$10,347,076	\$80,000	\$5,163	92%
2007	1,925	\$9,114,558	\$150,000	\$4,735	88%
2008	1,987	\$9,789,304	\$100,000	\$4,927	87%
2009	2,035	\$9,649,150	\$65,000	\$4,820	84%
2010	2,070	\$9,332,998	\$60,000	\$4,509	89%
2011	2,135	\$11,373,734	\$50,000	\$5,327	94%
2012	2,241	\$11,355,119	\$180,000	\$5,067	88%
2013	1,596	\$7,359,743	\$40,000	\$4,611	88%
2014	1,397	\$6,652,199	\$54,000	\$4,762	88%
2015	1,624	\$9,306,000	\$54,000	\$5,730	89%
2016	1,770	\$12,742,952	\$80,000	\$7,199	93%

NB These are Calendar Year results NOT Financial Year Results



**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 MARCH 2017**

**Liability limited by a scheme approved under**  
**Professional Standards Legislation**

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

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**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 31 March 2017.  
The name of the directors in the office at any time during, or since the end of the year is:

	Meetings Eligible to Attend	Meetings Attended
Michael Flynn	4	4
Steven Pickering	4	4
Doug Miles	4	4
Tim Lloyd	4	3
Jeff Williams	4	4
Kevin Woolcock	4	4
Paul Laycock	4	3
Brian Heck	4	4
Douglas Birch	3	3
Ken Mutton	2	2

**Operating Results**

The net profit before appropriations of the company after providing for income tax amounted to \$36,164  
No significant changes in the company's state of affairs occurred during the financial year.

**Principal Activities**

The principal activities of the company during the financial year were promoting and recording Droughtmaster breed of cattle.

No significant change in the nature of the company's activity occurred during the financial year.

**After Balance Date Events**

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.

**Future Developments**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**DIRECTORS' REPORT**

**Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Dividends Paid or Recommended**

No dividends were paid during the year and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

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

**Proceedings on Behalf of Company**

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

The Company was not party to any such proceedings during the year.

**Directors' Benefits**

During or since the financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation of a Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

**Indemnifying Officers or Auditors**

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

\* indemnified, or made any relevant agreement indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or

\* other than as stated below paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings;

With the exception that the Company paid a premium of \$1,500.00 to insure Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their alleged breach of duty in relation to the Company.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

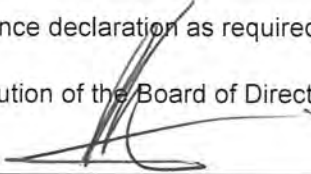
**DIRECTORS' REPORT**

**Auditors Independence Declaration**

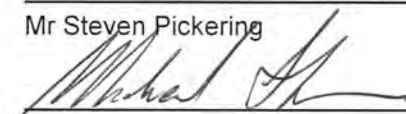
A copy of the Auditor's Independence declaration as required under section 307C of the Corporation Act is set out in page 19.

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

**Director:**

  
\_\_\_\_\_  
Mr Steven Pickering

**Director:**

  
\_\_\_\_\_  
Mr Michael Flynn

**Dated this day of**

*14/6/17*



**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>INCOME</b>			
Inventory Fees		394,671	377,014
Interest Received		7,131	7,410
Discounts allowed		0	(13,097)
Membership Fees		122,845	119,197
Promotional Income - Levies		150,973	151,622
Promotional Income - Other		62,230	51,570
Sponsored Sales		131,438	143,504
Sundry Income and Donations		(3)	(16)
Transfer Fees		28,048	28,248
Bad Debts Recovered		2,165	1,104
<b>TOTAL INCOME</b>		<u>899,498</u>	<u>866,556</u>

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>EXPENDITURE</b>			
Accounting Fees		4,000	4,000
Amortisation - Improvements		6,742	6,742
Auditors Remuneration - Fees		3,135	3,000
Bad Debts		357	2,516
Bank Charges		1,861	2,565
Computer Expenses		3,753	4,609
Data Processing Charges, ABRI		36,036	34,512
Depreciation		16,695	27,947
Electricity		4,561	4,285
General Expenses		7,823	2,061
Holiday Pay Provision		(2,439)	7,068
Insurance		10,777	10,757
Legal Costs		2,810	1,365
Long Service Leave Provision		5,249	5,005
Meeting Expenses		36,684	28,621
Motor Vehicle Expenses		7,857	8,331
Permit and Licence Fees		2,175	2,858
Postage		10,738	8,428
Printing & Stationery		13,091	18,847
Promotional expenses	2	163,836	169,319
Rates		4,885	4,469
Repairs & Maintenance		7,314	5,787
Sponsored Sales		131,438	143,504
Staff Training		(1,364)	0
Staff Expenses		889	1,671
Superannuation		29,253	28,346
Telephone		10,392	6,269
Trade Mission Costs	3	37,331	0
Tropical Breeds Research		10,569	11,385
Wages		305,036	295,007
		871,484	849,274
<b>OPERATING PROFIT</b>		28,014	17,282

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016
Note	\$	\$
<b>NON OPERATING INCOME AND EXPENSES</b>		
DPI Research Funds Expended	0	(4,532)
Bin Research Project – Expenses	(49,290)	(36,263)
Nett Amount Recovered		
Sale of Research Steers	97,440	30,765
	48,150	(10,030)
<b>PROFIT BEFORE APPROPRIATIONS</b>	76,164	7,252
Less Amounts Appropriated To Provision – Market Development	40,000	
<b>NET PROFIT</b>	36,164	7,252
Retained Profits	979,365	972,113
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	1,015,529	979,365
<b>RETAINED PROFITS</b>	1,015,529	979,365

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		319,446	171,813
Trade and other receivables	4	29,294	17,019
Inventories	6	35,625	35,160
Research BIN Project - Livestock on Hand	11	120,024	93,908
Prepayments		3,087	2,303
<b>TOTAL CURRENT ASSETS</b>		<u>507,476</u>	<u>320,203</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	5	12,160	10,288
Property, plant and equipment	7	803,098	826,376
<b>TOTAL NON-CURRENT ASSETS</b>		<u>815,258</u>	<u>836,664</u>
<b>TOTAL ASSETS</b>		<u>1,322,734</u>	<u>1,156,867</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade Creditors and Accruals	8	43,899	22,780
Income Received In Advance	8	67,496	22,195
Provision for Beef Expos		40,000	20,000
Provision Market Development		64,527	24,847
Sales Development Fund		18,225	19,305
Provision for Holiday Pay		31,844	34,283
<b>TOTAL CURRENT LIABILITIES</b>		<u>265,991</u>	<u>143,410</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for Long Service Leave		45,054	39,804
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>45,054</u>	<u>39,804</u>
<b>TOTAL LIABILITIES</b>		<u>311,045</u>	<u>183,214</u>
<b>NET ASSETS</b>		<u>1,011,689</u>	<u>973,653</u>
<b>EQUITY</b>			
Reserves	9	(3,840)	(5,712)
Retained earnings	10	1,015,529	979,365
<b>TOTAL EQUITY</b>		<u>1,011,689</u>	<u>973,653</u>

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Retained Earnings	Assets Revaluations Reserve	Total
<b>Balance at 31 March 2014</b>		914,883	(3,520)	911,363
Profit Attributable to equity shareholders		57,229		57,229
Other Comprehensive Income – Movement in Reserve			(3,712)	(3,712)
<b>Balance at 31 March 2015</b>		972,113	(3,712)	968,401
Profit Attributable to equity shareholders		7,252		7,252
Other Comprehensive Income – Movement in Reserve			(5,712)	(5,712)
<b>Balance at 31 March 2016</b>		979,365	(5,712)	973,653
Profit Attributable to equity shareholders		36,164		
Other Comprehensive Income – Movement in Reserve			(3,840)	
<b>Balance at 31 March 2017</b>		1,015,529	(3,840)	1,011,689

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1 Statement of Significant Accounting Policies**

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

Droughtmaster Stud Breeders Society Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

Each member of the Company undertakes to contribute to the assets of the Company, an amount not exceeding twenty dollars (\$20) in the event of the same being wound up.

**Basis of Preparation**

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110:	Events after the Balance Sheet Date
AASB 116:	Property, Plant and Equipment
AASB 118:	Revenue
AASB 119:	Employee Benefits
AASB 137:	Provisions, Contingent Liabilities and Contingent Assets
AASB 139:	Recognition and Measurement of Financial Instruments
AASB 1031:	Materiality
AASB 1048:	Interpretation and Application of Standards

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

**Reporting basis and conventions**

The financial report has been prepared on an accruals basis and is based on historic costs modified, where applicable, by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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## **Accounting Policies**

### **Income Tax**

No provision for taxation is necessary because the Company is exempt from tax under Section 50-45 of Item 9.1(c) of the Income Tax Act of 1997.

### **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

### **Property, Plant and Equipment**

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

#### **Land and buildings**

Land and buildings are measured using the cost model.

#### **Plant and equipment**

Plant and equipment are measured using the cost model.

### **Depreciation**

Property, 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.

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight line method from the date that management determine that the asset is available for use. Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Financial Instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that 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).

**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 most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The company's available-for-sale financial assets include listed securities.

All available for sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.



**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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

**Available-for-sale financial assets**

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

**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 this indicator exists the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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 , except for goodwill.

**Financial Assets**

**Recognition**

Financial assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Available-for-sale financial assets**

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless the fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**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 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. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

**Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**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.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**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.

All revenue is stated net of the amount of goods and services tax (GST).

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

**Sale of goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

**Interest revenue**

Interest revenue is recognised using the effective interest rate method.

**Rendering of services**

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

**Other income**

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

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

2017                      2016  
\$                                      \$

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**2 Promotional Expenses**

Amount included in Promotional Expenses, includes an amount set aside to meet the future costs that will arise as a result of the Society's participation in the 2018 Beef Expo. The Beef Expo is a triennial event that is a major promotional activity for Society and incurs a substantial cost in the year that the event is held. In order to ensure the Society will be able to meet these costs, without impacting the financial viability of the Society, the Board has resolved to set aside funds in a Provision in the years during which the Expo is not held.

Promotional Expenses

Promotional expenses incurred during the year	143,836	149,319
Funds set aside in Provision for 2018 Beef Expo	20,000	20,000
Total Promotional Expenses	<u>163,836</u>	<u>169,319</u>

**3 Trade Mission Costs**

During the year the Society participated in a trade mission to South Africa with a view to increasing the exposure of the breed.

The net costs to the Society after recoveries was \$37,331 for which the Society believes it is entitled to claim an Export Market Development Grant. An application has been lodged and but is yet to be finalised.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>4 Trade and Other Receivables</b>		
<b>Current</b>		
Trade Debtors	25,307	8,073
Research Grant 2008	10,000	10,000
Less: Research Grant Funds Expended	(6,713)	(6,713)
GST On Purchases	700	5,659
	29,294	17,019
<p>The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.</p>		
<b>5 Financial Assets</b>		
<b>Non-Current</b>		
Units in Unlisted Public Trust	12,160	10,288
<b>6 Inventories</b>		
<b>Current</b>		
Merchandise Stock on Hand - at Cost	35,625	35,160
<b>7 Property, Plant and Equipment</b>		
<b>Land and Buildings</b>		
Land and Buildings - at Cost	806,547	806,547
Less Accumulated Depreciation	(57,575)	(50,833)
	748,972	755,714
<b>Total Land and Buildings</b>	748,972	755,714
Plant & Equipment - at Cost	83,820	83,820
Less Accumulated Depreciation	(73,839)	(72,068)
	9,981	11,752
Motor Vehicles - at Cost	46,503	46,503
Less Accumulated Depreciation	(20,560)	(11,912)
	25,943	34,591
Office Equipment - at Cost	11,194	11,035

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Less Accumulated Depreciation	<u>(8,098)</u>	<u>(6,857)</u>
	3,096	4,178
Software Cost	42,500	42,500
Less Accumulated Depreciation	<u>(31,111)</u>	<u>(27,314)</u>
	11,389	15,186
Website Development	8,054	8,054
Less Accumulated Depreciation	<u>(4,337)</u>	<u>(3,099)</u>
	3,717	4,955
<b>Total Plant and Equipment</b>	<u>803,098</u>	<u>826,376</u>
<b>Total Property, Plant and Equipment</b>	<u>803,098</u>	<u>826,376</u>
<b>8 Trade Creditors &amp; Accruals</b>		
Trade Creditors	36,199	15,080
Accruals	<u>7,700</u>	<u>7,700</u>
	<u>43,899</u>	<u>22,780</u>
<b>Income Received in Advance</b>		
Memberships	9,636	22,195
DN Sales	57,860	-
	<u>67,496</u>	<u>22,195</u>
<b>9 Reserves</b>		
<b>Asset Revaluation Reserve</b>		
Decrease In Market Value against cost	<u>(3,840)</u>	<u>(5,712)</u>
<b>10 Retained Earnings</b>		
Retained earnings at the beginning of the financial year	979,365	972,113
Net profit attributable to members of the company	<u>36,164</u>	<u>7,252</u>
Retained earnings at the end of the financial year	<u>1,015,529</u>	<u>979,365</u>

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

2017	2016
\$	\$

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**11 BIN Research Project**

During the 2017 financial year the Society continued with the BIN Research Project, commenced last year in conjunction with the Australian Brahman Breeders' Association and subsidised by the Meat & Livestock Australia (MLA).

This year, as part of the project the Society purchased two consignments of steers (calf drops from 2015 and 2016) and sold 2 consignments of steers (born 2014 and 2015), which were previously purchased.



**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**DIRECTORS' DECLARATION**

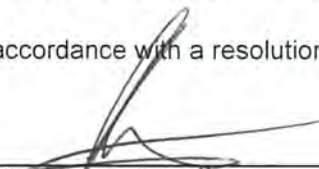
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 16 are in accordance with the Corporations Act 2001;
  - (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 31 March 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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.

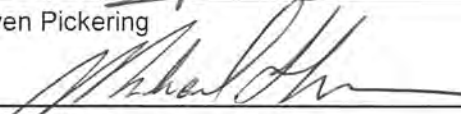
This declaration is made in accordance with a resolution of the Board of Directors.

Director:

  
\_\_\_\_\_

Mr Steven Pickering

Director:

  
\_\_\_\_\_

Mr Michael Flynn

Dated this day of

*14/6/17*

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF DROUGHTMASTER STUD BREEDERS SOCIETY LTD  
ABN 19 010 129 683**

**Report on the Financial Report**

I have audited the accompanying financial report of Droughtmaster Stud Breeders Society Ltd which comprises the statement of financial position as at 31 March 2017 and the statement of comprehensive income 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 the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility includes designing, implementing and maintaining internal control 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.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 judgment, 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporations Act 2001. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF DROUGHTMASTER STUD BREEDERS SOCIETY LTD  
ABN 19 010 129 683**

**Independence**

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Droughtmaster Stud Breeders Society Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

**Auditor's Opinion**

In my opinion the financial report of Droughtmaster Stud Breeders Society Ltd is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 March 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

*Ian Mortley*

**Name of Auditor:**

\_\_\_\_\_  
Ian Mortley

**Address:**

40 James Street, Burleigh Heads Qld 4220

**Dated this day of**

15th June 2017

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016
	\$	\$
<b>INCOME</b>		
Inventory Fees	394,671	377,014
Interest	7,131	7,410
Discounts allowed	0	(13,097)
Membership Fees	122,845	119,197
Promotional Income - Levies	150,973	151,622
Promotional Income - Other	62,230	51,570
Sponsored Sales	131,438	143,504
Sundry Income and Donations	(3)	(16)
Transfer Fees	28,048	28,248
Bad Debts Recovered	2,165	1,104
<b>TOTAL INCOME</b>	<u>899,498</u>	<u>866,556</u>

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENDITURE</b>		
Accounting Fees	4,000	4,000
Amortisation - Improvements	6,742	6,742
Auditors Remuneration - Fees	3,135	3,000
Bad Debts	357	2,516
Bank Charges	1,861	2,565
Computer Expenses	3,753	4,609
Data Processing Charges, ABRI	36,036	34,512
Depreciation	16,695	27,947
Electricity	4,561	4,285
General Expenses	7,823	2,061
Holiday Pay Provision	(2,439)	7,068
Insurance	10,777	10,757
Legal Costs	2,810	1,365
Long Service Leave Provision	5,249	5,005
Meeting Expenses	36,684	28,621
Motor Vehicle Expenses	7,857	8,331
Permit and Licence Fees	2,175	2,858
Postage	10,738	8,428
Printing & Stationery	13,091	18,847
Promotional expenses	163,836	169,319
Rates	4,885	4,469
Repairs & Maintenance	7,314	5,787
Sponsored Sales	131,438	143,504
Staff Training	(1,364)	0
Staff Expenses	889	1,671
Superannuation	29,253	28,346
Telephone	10,392	6,269
Trade Mission Costs	37,331	0
Tropical Breeds Research	10,569	11,385
Wages	305,036	295,007
	871,484	849,274
<b>OPERATING PROFIT</b>	<b>28,014</b>	<b>17,282</b>

The accompanying notes form part of these financial statements.

**DROUGHTMASTER STUD BREEDERS SOCIETY LTD**  
**ABN 19 010 129 683**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016
	\$	\$
<b>NON OPERATING INCOME AND EXPENSES</b>		
DPI Research Funds Expended	0	(4,532)
Bin Research Project - Expenses	(49,290)	(36,263)
Nett Amount Recovered Sale of Research Steers	97,440	30,765
Less Amounts Appropriated To		
Provision – Market Development	(40,000)	0
	<u>8,150</u>	<u>(10,030)</u>
<b>NET PROFIT</b>	<u>36,164</u>	<u>7,252</u>

The accompanying notes form part of these financial statements.



**DROUGHTMASTER**