AMIC
Australian
Meat Industry
Council

2019-2020 ANNUAL REPORT

Australian Meat Industry Council

ABN: 65 990 653 488

Annual Financial Report

For the year ended 30 June 2020

Australian Meat Industry Council

Contents:

Certificate by Prescribed Designated Officer

For the year ended 30 June 2020

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Expenditure report required under subsection 255(2A)

For the year ended 30 June 2020

The Committee of Management presents the expenditure report as required under subsection 255(2A) on AMIC for the year ended 30 June 2020.

	2020	2019
Categories of expenditure		
Remuneration and other employment-related costs and expenses - employees	**2,372,890**	2,360,098
Advertising	**127,442**	17,805
Operating costs	**2,054,870**	2,641,573
Donations to political parties	**-**	-
Legal costs	**12,373**	13,898
	4,567,575	5,033,374

Signature of designated officer:

GARY HARDWICK

Chairman

23 October 2020

Operating Report

For the year ended 30 June 2020

The Committee of Management presents its operating report on the Australian Meat Industry Council ("AMIC") for the financial year ended 30 June 2020.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

AMIC is the peak council representing the post-farm-gate meat industry.

During the year AMIC continued to assist its members with specialty services, advice, support and representation. As a result of these activities, AMIC generated a loss of **$(869,188)** during the year against a profit of $150,446 in the prior year.

There were no significant changes in the nature of the activities of AMIC during the year.

Significant changes in financial affairs

There were no significant changes in the financial affairs of AMIC during the year.

Right of members to resign

A member of AMIC may resign by written notice addressed and delivered to the National Secretary/Treasurer of AMIC and will be liable for any unpaid dues until the resignation then becomes effective under AMIC's Constitution.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

AMIC is the sponsor of the Australian Meat Industry Superannuation Trust (AMIST) which is operated by a trustee company, Australian Meat Industry Superannuation Pty Ltd (ABN 25 002 981 919), which holds the assets of the fund in trust for members.

The Trustee Board comprises three employer-nominated representatives, three member-elected representatives and one independent director. The fund members elect member representatives every five years while the Australian Meat Industry Council nominates the employer representatives. Necessarily therefore, some officers or members of AMIC are Employer Directors of the AMIST superannuation trustee company.

Operating Report (continued)

For the year ended 30 June 2020

Employer Directors of the AMIST superannuation fund nominated by the Council are:

- Gary Hardwick, Director of Hardwicks Meat Works Pty Ltd (AMIC member)
- Noel Kelson, Industry Representative of Midfield Meat International Pty Ltd (AMIC member)
- Kerry Johnson, HR Manager of Teys Bros (Holdings) Pty Ltd (not a member of AMIC)

It is a requirement of the AMIST Superannuation Trust that a person appointed as Employer Director must be a nominee of AMIC to be appointed by ordinary resolution of the Council passed in a General meeting.

Member Directors of the AMIST superannuation fund elected from the fund's membership are:

- Geoff Yarham
- Grant Courtney
- Frank Raeside

It is not a requirement to be a member of AMIC to be a Member Director of the AMIST superannuation fund.

Number of members

There were **1,376** members recorded in the register of members and who are taken as members at the end of the financial year.

Industry sector	Number of members
Retail and general	1,142
Processors	155
Smallgoods	50
Associate (non-voting)	29
Total	**1,376**

Number of employees

There were **20** full time equivalent employees of AMIC at the end of the financial year.

Operating Report (continued)

For the year ended 30 June 2020

Names of Committee of Management members and period positions held during the financial year
For the duration of the financial year (unless indicated otherwise) Board members during the year were:

Director		Board Meetings A	Board Meetings B
Gary Hardwick - Chairman	Appointed 2/12/19	4	4
Robert Constable - Deputy Chairman		7	7
Trevor Hill - Treasurer		6	7
Noel Kelson		7	7
Terry Nolan		7	7
Franz Knoll		7	7
Rod Sellers		7	7
Ray Kelso		6	7
Greig Smith		3	4
Roger Fletcher	Appointed 2/12/19	3	4
Simon Linke	Appointed 2/12/19	4	4
Lachlan Hart	Retired 2/12/19	4	4
Bradley Thomason	Retired 2/12/19	1	3
Pat Gleeson	Retired 2/12/19	1	3

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

Signature of designated officer:

G J Hardwick

GARY HARDWICK

Chairman

23 October 2020

Committee of Management Statement

For the year ended 30 June 2020

On the 23rd of October 2020, the Committee of Management of the Australian Meat Industry Council passed the following resolution in relation to the general-purpose financial report (GPFR) for the year ended 30 June 2020:

The Committee of Management declares that in its opinion:

(a) The financial statements and notes comply with the Australian Accounting Standards;

(b) The financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the **RO Act**);

(c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Australian Meat Industry Council for the financial year to which they relate;

(d) There are reasonable grounds to believe that the Australian Meat Industry Council will be able to pay its debts as and when they become due and payable; and

(e) During the financial year to which the GPFR relates and since the end of that year:

 (i) meetings of the Committee of Management were held in accordance with the rules of AMIC; and

 (ii) the financial affairs of AMIC have been managed in accordance with the rules of AMIC; and

 (iii) the financial records of AMIC have been kept and maintained in accordance with the RO Act; and

 (iv) where information has been sought in any request by a member of AMIC or the General Manager duly made under section 272 of the RO Act has been provided to the member or the General Manager; and

 (v) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

(f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer:

GARY HARDWICK

Chairman

23 October 2020

Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020	2019
Revenue from contracts with customers	3		
Membership subscriptions		2,359,818	2,275,428
Capitation fees and other revenue from another reporting unit	3a	-	-
Levies	3b	-	-
Project and event income		447,670	703,108
Food safety plan audit income		4,320	406,203
Total revenue from contracts with customers		2,811,808	3,384,739
Income for furthering objectives			
Grants or donations	3c	-	-
Industry Consultation (Red Meat Advisory Council Ltd)		782,610	780,000
Total income for furthering objectives		782,610	780,000
Other income			
Net gains from sale of assets	3d	-	5,146
Revenue from recovery of wages activity	3e	-	-
Investment income	3f	77,965	1,197,160
Rental income	3g	74,878	112,320
Finance income		1,402	-
Other income	3h	163,016	89,761
Total other income		317,261	1,404,387
Total income		3,911,679	5,569,126
Expenses			
Employee expenses	4a	2,372,890	2,392,886
Project and event expenses		432,093	576,782
Food safety plan audit expenses		142,104	461,149
Cost of goods sold		14,476	1,950
Capitation fees and other expense to another reporting unit	4b	-	-
Affiliation fees	4c	26,457	20,450
Administration expenses	4d	1,488,461	1,677,314
Grants or donations	4e	-	-
Depreciation and amortisation	4f	191,567	191,527
Finance costs	4g	48,137	44,814
Legal costs	4h	29,682	22,285
Write-down and impairment of assets	4i	-	-
Net losses from sale of assets	4j	-	-
Other expenses	4k	-	-
Audit fees	11	35,000	29,523
Total expenses		4,780,867	5,418,680

Statement of Comprehensive Income (continued)

For the year ended 30 June 2020

	Note	**2020**	2019
Profit (loss) for the year		**(869,188)**	150,446
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(869,188)**	150,446

The notes on pages 14 to 53 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2020

	Note	2020	2019
Current assets			
Cash and cash equivalents	5a	137,872	64,621
Trade and other receivables	5b	459,279	483,069
Inventory	5c	11,449	25,925
Other current assets	5d	26,943	139,494
Total current assets		635,543	713,109
Non-current assets			
Land and buildings	6a	1,965,726	2,039,109
Plant and equipment	6b	116,371	185,331
Intangibles	6c	38,646	77,719
Investments – Real Property	6d	91,428	96,239
Investments – Managed Investment Portfolio	6e	17,828,470	18,488,505
Right-of-use assets	6f	23,786	-
Total non-current assets		20,064,427	20,886,903
Total assets		20,699,970	21,600,012
Current liabilities			
Trade payables	7a	208,673	276,540
Other payables	7b	904,233	879,026
Members Special Funds	7c	197,992	201,492
Employee provisions	8a	239,752	262,001
Lease liability	6f	5,575	-
Total current liabilities		1,556,225	1,619,059
Non-current liabilities			
Employee provisions	8a	13,626	173
Lease liability	6f	18,527	-
Total non-current liabilities		32,153	173
Total liabilities		1,588,378	1,619,232
Net assets		19,111,592	19,980,780
Equity			
Retained earnings		19,111,592	19,980,780
Total equity		19,111,592	19,980,780

The notes on pages 14 to 53 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2020

	Retained earnings	Total equity
Balance as at 1 July 2018	19,830,334	19,830,334
Profit (loss) for the year	150,446	150,446
Transfer to asset revaluation reserve	-	-
Other comprehensive income for the year	-	-
Closing balance as at 30 June 2019	**19,980,780**	**19,980,780**
Profit (loss) for the year	**(869,188)**	**(869,188)**
Transfer to asset revaluation reserve	-	-
Other comprehensive income for the year	-	-
Closing balance as at 30 June 2020	**19,111,592**	**19,111,592**

The notes on pages 14 to 53 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020	2019
Cash flows from operating activities			
Cash receipts from customers	9b	**4,160,888**	4,185,142
Cash payments to suppliers and employees	9b	**(4,847,355)**	(4,791,951)
Cash (used in) generated from operating activities	9a	**(686,467)**	(606,809)
Interest and other costs of finance paid	4g	**(48,137)**	-
Net cash from (used in) operating activities	9a	**(734,604)**	(606,809)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**-**	69,002
Managed investment portfolio distribution	3f	**738,000**	683,064
Proceeds from investment properties	3g	**74,878**	112,320
Purchase of plant and equipment		**-**	(226,888)
Net cash from (used in) investing activities		**812,878**	637,498
Cash flows from financing activities			
Repayment of borrowings		**-**	-
Payment of lease liabilities	6f	**(5,023)**	-
Net cash from (used in) financing activities		**(5,023)**	-
Net increase (decrease) in cash and cash equivalents		**73,251**	30,689
Cash and cash equivalents at 1 July		**64,621**	33,932
Cash and cash equivalents at 30 June	5a	**137,872**	64,621

The notes on pages 14 to 53 are an integral part of these financial statements.

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Notes of the Financial Statements

Note 1. Statement of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general-purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general-purpose financial statements, the Australian Meat Industry Council ("AMIC") is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars.

1.2 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Employee entitlements
The liability for employee entitlements expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

Allowance for doubtful debts
An allowance is made for doubtful debts based on management's estimate of the prospect of recovering the debt. Where management has determined that the recovery of the debt is doubtful, the amount is provided for immediately.

Notes of the Financial Statements

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

AMIC has initially applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income for not for profit entities* and AASB 16 *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019, but they do not have a material effect on AMIC's financial statements.
Due to the transition methods chosen by AMIC in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

i. <u>AASB 15 *Revenue from Contracts with Customers, AASB 1058 Income for not for profit entities*</u>

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 *Income of Not-for-Profit Entities*.

AASB 1058 replaces the income recognition requirements in AASB 1004 *Contributions* that had previously applied to AMIC. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified, or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

AMIC adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition.

The adoption of AASB 15 and AASB 1058 did not have a material impact on AMIC's financial statements.

Notes of the Financial Statements

1.4 New Australian Accounting Standards (continued)

ii. AASB 16 *Leases*

Definition of a lease

Previously, AMIC determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. AMIC now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 1.7.

On transition to AASB 16, AMIC elected to apply the practical expedient to grandfather the assessment of which transactions are leases. AMIC applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and IFRIC 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

As a lessee, AMIC leases IT equipment. AMIC previously classified leases as operating or finance leases based on its assessment of whether the lease significantly transferred all of the risks and rewards incidental to ownership of the underlying asset to AMIC. Under AASB 16, AMIC recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on balance sheet.

Leases classified as operating leases under AASB 117

Previously, AMIC classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at AMIC's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: AMIC applied this approach to all other leases.

AMIC used several practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. AMIC:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.
- did not recognise right-of-use assets and liabilities for leases of low value assets.
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

AMIC leases out its investment property consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

Notes of the Financial Statements

1.4 New Australian Accounting Standards (continued)

Impact on financial statements

As at 1 July 2019, the AMIC's largest lease arrangements had a remaining lease term of less than 12 months and as such qualified for the practical expedient to not recognise a right-of-use asset and lease liability at initial application. Therefore, no right-of-use asset and lease liability were recognised on the date of initial application.

When measuring lease liabilities for leases that were classified as operating leases, AMIC discounted lease payments using its incremental borrowing rate at 1 July 2019, the weighted average rate applied is 3.65%.

	1 July 2019
Operating lease commitments as at 30 June 2019 as disclosed under AASB 117	7,074
Recognition exemption for leases with less than 12 months lease term at transition	(7,074)
Lease liabilities at 1 July 2019	-

Future Australian Accounting Standards Requirements

There were no new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on AMIC.

Notes of the Financial Statements

1.5 Revenue

Policy applicable from 1 July 2019

AMIC enters various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, sponsorship, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where AMIC has a contract with a customer, AMIC recognises revenue when or as it transfers control of goods or services to the customer. AMIC accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of AMIC.

If there is only one distinct membership service promised in the arrangement, AMIC recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect AMIC's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, AMIC allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that AMIC charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good or as the service transfers to the customer, AMIC recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, AMIC has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

Notes of the Financial Statements

1.5 Revenue (continued)

Policy applicable from 1 July 2019 (continued)

Membership subscriptions (continued)

When a member subsequently purchases additional goods or services from AMIC at their standalone selling price, AMIC accounts for those sales as a separate contract with a customer.

Income of AMIC as a Not-for-Profit Entity

Consideration is received by AMIC to enable the entity to further its objectives. AMIC recognises each of these amounts of consideration as income when the consideration is received (which is when AMIC obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- AMIC's recognition of the cash contribution does not give to any related liabilities.

During the year, AMIC received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- donations and voluntary contribution from members; and
- government grants.

Policy applicable before 1 July 2019

Government grants are not recognised until there is reasonable assurance that AMIC will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which AMIC recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that AMIC should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to AMIC with no future related costs are recognised in profit or loss in the period in which they become receivable.

Notes of the Financial Statements

1.5 Revenue (continued)

Gains from sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.6 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

1.7 Leases

AMIC has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and IFRIC 4. The details of accounting policies under AASB 117 and IFRIC 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, AMIC assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, AMIC uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

AMIC as a lessee

At commencement or on modification of a contract that contains a lease component, AMIC allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, AMIC has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

1.7 Leases (continued)

Policy applicable from 1 July 2019 (continued)

AMIC as a lessee (continued)

AMIC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to AMIC by the end of the lease term or the cost of the right-of-use asset reflects that AMIC will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, AMIC's incremental borrowing rate. Generally, AMIC uses its incremental borrowing rate as the discount rate.

AMIC determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that AMIC is reasonably certain to exercise, lease payments in an optional renewal period if AMIC is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless AMIC is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in AMIC's estimate of the amount expected to be payable under a residual value guarantee, if AMIC changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes of the Financial Statements

1.7 Leases (continued)

Policy applicable from 1 July 2019 (continued)

AMIC as a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

AMIC presents right-of-use assets that do not meet the definition of investment as separate line items in the statement of financial position.

Short-term leases and leases of low-value assets
AMIC has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. AMIC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

AMIC as a lessor

At inception or on modification of a contract that contains a lease component, AMIC allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When AMIC acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, AMIC makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, AMIC considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

AMIC applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. AMIC further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. AMIC recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the AMIC as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes of the Financial Statements

1.7 Leases (continued)

Policy applicable before 1 July 2019 (continued)

AMIC as a lessor (continued)

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense. Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.8 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.9 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes of the Financial Statements

1.10 Financial instruments

I. Recognition and initial measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and AMIC's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, AMIC's initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

AMIC's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that AMIC commits to purchase or sell the asset.

II. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or

  Financial instruments measured at amortised cost includes cash at bank, trade and other receivables, trade payables and lease liability.

- fair value through profit and loss.

  Financial instruments measured at fair value through profit and loss include investment – managed investment portfolio.

1.10 Financial instruments (continued)

II. Classification and subsequent measurement (continued)

Financial assets are not reclassified subsequent to their initial recognition unless AMIC changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL.

AMIC makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. This includes the stated policies and objectives for the portfolio and the operation of those policies in practice. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to AMIC's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

1.10 Financial instruments (continued)

II. Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, AMIC considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

III. Derecognition

Financial assets

AMIC derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which AMIC neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

AMIC enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

AMIC derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. AMIC also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Notes of the Financial Statements

1.10 Financial instruments (continued)

III. Derecognition (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

IV. Impairment

Financial assets

Expected credit losses
Receivables for goods and services, which have 90-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

<u>Trade receivables</u>

For trade receivables that do not have a significant financing component, AMIC applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, AMIC does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. AMIC has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

<u>Debt instruments other than trade receivables</u>

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, AMIC recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that AMIC expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

Notes of the Financial Statements

1.10 Financial instruments (continued)

IV. Impairment (continued)

Debt instruments other than trade receivables (continued)

AMIC considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, AMIC may also consider a financial asset to be in default when internal or external information indicates that AMIC is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.11 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Notes of the Financial Statements

1.12 Land, buildings, plant & equipment and intangibles

Each class of asset is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Property

Land and buildings are measured on the cost basis, held for the AMIC's own use and for rental income and capital appreciation. Land and Buildings are measured on the cost basis less depreciation and any impairment losses.

Plant & equipment and intangibles

All are measured on the cost basis less depreciation and any impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to AMIC.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

- Land & buildings 40 years
- Furniture & fittings 4 to 13 years
- Plant & equipment 3 years
- Motor vehicles 3 to 5 years
- Software & websites 3 years

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

Notes of the Financial Statements

1.12 Land, buildings, plant & equipment and intangibles (continued)

De-recognition

An item of land, buildings, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.13 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

1.14 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if AMIC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.15 Taxation

AMIC is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Notes of the Financial Statements

1.15 Taxation (continued)

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.16 Fair value measurement

AMIC measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by AMIC. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

AMIC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, AMIC determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes of the Financial Statements

1.16 Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, AMIC has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Note 2. Events after the reporting period

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of AMIC, the results of those operations, or the state of affairs of AMIC in subsequent financial periods.

Note 3. Revenue and income

	2020	2019

Disaggregation of revenue from contracts with customers

A disaggregation of AMIC's revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

	2020	2019
Type of customer		
Members – subscription	**2,359,818**	2,275,428
Members – food safety plan audit income	**4,320**	406,203
Other reporting units	**-**	-
Government	**-**	-
Other parties	**447,670**	703,108
Total revenue from contracts with customers	**2,811,808**	3,384,739

Disaggregation of income for furthering activities

A disaggregation of AMIC's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source.

	2020	2019
Income funding sources		
Members	**-**	-
Other reporting units	**-**	-
Government	**-**	-
Other parties	**782,610**	780,000
Total income for furthering activities	**782,610**	780,000

Notes of the Financial Statements

Note 3. Revenue and income (continued)

	2020	2019
3a - Capitation fees and other revenue from another reporting unit		
Capitation fees	-	-
Other revenue from another reporting unit	-	-
	-	-
3b - Levies		
Levies	-	-
3c - Grants and/or donations		
Grants	-	-
3d - Net gains from sale of assets		
Plant and equipment	-	5,146
3e - Revenue from recovery of wages activity		
Amounts recovered from employers in respect of wages	-	-
3f - Net investment income		
Total income from managed investment		
Fair value gain on investment	-	516,541
Investment income earned	738,000	680,619
	738,000	1,197,160
Total loss from managed investment		
Fair value loss on investment	(660,035)	-
Net investment income	77,965	1,197,160
3g – Rental income		
Rent and outgoings recovery	74,878	112,320

Notes of the Financial Statements

Note 3. Revenue and income (continued)

3h - Other income

	2020	2019
Advertising	-	15,000
Members saleable items and services	59,422	43,681
Bad debts recovered	9,047	2,973
Commissions from member insurance agent	24,258	27,787
Cashflow boost (ATO)	50,000	-
Other income	20,289	320
	163,016	89,761

Note 4. Expenses

4a - Employee expenses

	2020	2019
Holders of office:		
Wages and directors' honorariums	73,521	78,530
Superannuation	-	3,470
	73,521	82,000
Employees other than office holders:		
Wages and salaries	1,981,672	1,824,696
Superannuation	181,826	174,477
Leave and other entitlements	(8,796)	162,247
Separation and redundancies	43,443	-
Recruitment	25,129	17,259
Other employee expenses	76,095	132,207
	2,299,369	2,310,886
	2,372,890	2,392,886

4b - Capitation fees

Capitation fees	-	-

Notes of the Financial Statements

Note 4. Expenses (continued)

4c - Affiliation fees

	2020	2019
Australian Peak Shippers Association	10,450	10,450
Council of Small Business Organisations Australia	8,570	5,000
Asia Society Australia	5,000	5,000
International Meat Trade Association	2,437	-
	26,457	20,450

4d - Administration expenses

	2020	2019
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	57,537	171,643
Bad and doubtful debts	21,725	84,725
Conference and meeting expenses - staff	18,933	43,145
Contractors and consultants	434,482	433,360
Property expenses	216,450	221,357
Motor vehicle expenses	49,535	105,346
Travel	234,124	248,151
Information communications technology	214,349	161,796
Marketing and promotion	37,739	-
Office expenses	77,200	74,210
Insurance	33,118	23,614
Subscriptions and information services	71,514	60,284
Other	17,242	33,250
Lease - equipment rental	4,513	16,433
	1,488,461	1,677,314

Notes of the Financial Statements

Note 4. Expenses (continued)

	2020	2019
4e - Grants or donations		
Grants:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Donations:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
	-	-
4f - Depreciation		
Land and buildings	78,194	78,194
Property, plant and equipment	38,650	39,099
Motor vehicles	30,310	61,778
Software and websites	39,073	12,456
Right of use assets	5,340	-
	191,567	191,527
4g - Finance costs		
Bank charges	5,380	8,814
Interest	6,757	-
Investment portfolio management fees	36,000	36,000
	48,137	44,814
4h - Legal costs		
Litigation	-	-
Debt collection	17,309	8,387
Other legal matters	12,373	13,898
	29,682	22,285

Notes of the Financial Statements

Note 4. Expenses (continued)

4i - Write-down and impairment of assets

	2020	2019
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Motor vehicles	-	-
Intangibles	-	-
Other	-	-
	-	-

4j - Net losses from sale of assets

	2020	2019
Land and buildings	-	-
Plant and equipment	-	-
Motor vehicles	-	-
Intangibles	-	-
	-	-

4k - Other expenses

	2020	2019
Penalties - via RO Act or RO Regulations	-	-

Notes of the Financial Statements

Note 5. Current assets

	2020	2019
5a - Cash and cash equivalents		
Cash at bank	137,872	62,578
Cash on hand	-	2,043
	137,872	64,621
5b - Trade and other receivables		
Trade receivables	74,623	164,955
Allowance for doubtful debts	(20,698)	(67,741)
	53,925	97,214
Industry consultation funding – Red Meat Advisory Council Ltd	387,160	385,855
Other receivables	18,194	-
GST receivable	-	-
	405,354	385,855
	459,279	483,069
5c - Inventory		
Finished goods at cost	11,449	25,925
5d – Other current assets		
Prepayments - general	3,899	44,192
Prepayments - advance grant expenditure	23,044	-
Prepayments - advance project expenditure	-	95,302
	26,943	139,494

Notes of the Financial Statements

Note 6. Non-current assets

6a - Land and buildings

	2020	2019
Land and buildings:		
At cost	**2,935,273**	2,935,273
Accumulated depreciation	**(969,547)**	(896,164)
	1,965,726	2,039,109

Reconciliation of the Opening and Closing Balances of Land and Buildings:

As at 1 July		
Gross book value	**2,935,273**	2,935,273
Accumulated depreciation and impairment	**(896,164)**	(822,782)
Net book value 1 July	**2,039,109**	2,112,491
Additions:		
From acquisition of land and buildings	**-**	-
Revaluations	**-**	-
Impairments	**-**	-
Depreciation expense	**(73,383)**	(73,382)
Other movement	**-**	-
Disposals:		
From disposal of land and buildings	**-**	-
Other	**-**	-
Net book value 30 June	**1,965,726**	2,039,109

Notes of the Financial Statements

Note 6. Non-current assets (continued)

	2020	2019
6b - Plant and equipment		
Furniture and fittings:		
At cost	704,721	704,721
Accumulated depreciation	(690,265)	(683,754)
	14,456	20,967
Office equipment:		
At cost	588,825	588,825
Accumulated depreciation	(551,753)	(519,614)
	37,072	69,211
Motor vehicles:		
At cost	151,548	151,548
Accumulated depreciation	(86,705)	(56,395)
	64,843	95,153
Total plant and equipment	116,371	185,331

Reconciliation of the opening and closing balances of plant and equipment:

As at 1 July		
Gross book value	1,445,094	1,404,746
Accumulated depreciation and impairment	(1,259,763)	(1,215,601)
	185,331	189,145
Additions:		
By purchase	-	160,919
From acquisition of entities	-	-
Impairments	-	-
Depreciation expense	(68,960)	(100,877)
Other movement	-	-
Disposals:		
From disposal of plant and equipment	-	(63,856)
Other	-	-
Net book value 30 June	116,371	185,331

Notes of the Financial Statements

Note 6. Non-current assets (continued)

6c - Intangibles

	2020	2019
Software and websites:		
At cost	**259,936**	259,936
Accumulated amortisation	**(221,290)**	(182,217)
	38,646	77,719

Reconciliation of the opening and closing balances of intangibles:

	2020	2019
As at 1 July		
Gross book value	**259,936**	193,968
Accumulated amortisation and impairment	**(182,217)**	(169,761)
	77,719	24,207
Additions:		
By purchase	**-**	65,968
From acquisition of entities	**-**	-
Impairments	**-**	-
Amortisation expense	**(39,073)**	(12,456)
Other movement	**-**	-
Disposals	**-**	-
Other	**-**	-
Net book value 30 June	**38,646**	77,719

Notes of the Financial Statements

Note 6. Non-current assets (continued)

6d - Investments – Real Property

	2020	2019
Land and buildings:		
Strata title properties at cost	192,480	192,480
Accumulated depreciation	(101,052)	(96,241)
	91,428	96,239
Furniture and fittings:		
At cost	56,619	56,619
Accumulated depreciation	(56,619)	(56,619)
	-	-
	91,428	96,239

Reconciliation of the opening and closing balances of investments - real property:

	2020	2019
As at 1 July		
Gross book value	249,099	249,099
Accumulated depreciation and impairment	(152,860)	(148,048)
	96,239	101,051
Additions:		
By purchase	-	-
From acquisition of entities	-	-
Impairments	-	-
Depreciation expense	(4,811)	(4,812)
Other movement	-	-
Disposals	-	-
Other	-	-
Net book value 30 June	91,428	96,239

Notes of the Financial Statements

Note 6. Non-current assets (continued)

6e - Investments – Managed Investment Portfolio

Reconciliation of the opening and closing balances of investments – managed investment portfolio:

	2020	2019
As at 1 July		
Market value	18,488,505	17,971,964
Additions:		
By purchase of investments at cost	-	-
From acquisition of entities	-	-
Disposals	-	-
	18,488,505	17,971,964
Investment income and revaluations within the portfolio	77,965	1,199,605
Cash distributed during the year for use in AMIC operations	(702,000)	(647,064)
Portfolio management fees	(36,000)	(36,000)
Fair value (loss) gain on investment	(660,035)	516,541
Market value 30 June	17,828,470	18,488,505

6f - Leases as a lessee

AMIC leases a property and office equipment under operating leases. The leases typically run for a period of five years, with no option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

All leases were previously classified as operating leases under AASB 117.

AMIC leases some IT equipment of less than one year contract term. These leases are short-term and/or leases of low-value items. AMIC has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes of the Financial Statements

Note 6. Non-current assets (continued)

6f - Leases as a lessee (continued)

Information about leases for which AMIC is a lessee is presented below.

	2020	2019
(a) Right-of-use assets		
Balance at 1 July 2019	-	-
Additions	29,126	-
Depreciation expense	(5,340)	-
Balance at 30 June 2020	23,786	-
(b) Lease liabilities		
Balance at 1 July 2019	-	-
Lease liabilities recognised during the year	29,126	-
Interest expense	809	-
Payments made during the year	(5,833)	-
Balance at 30 June 2020	24,102	-
Represented as:		
Current	5,575	-
Non-current	18,527	-
Lease liabilities in the statement of financial position	24,102	-
(c) Amounts recognised in profit or loss		
2020 – Leases under AASB 16		
Interest on lease liabilities	809	-
Expenses relating to short-term and low value leases	7,074	-
2019 – Leases under AASB 117		
Lease expense	-	80,670
(d) Amounts recognised in statement of cash flows		
Total cash outflow for leases	5,023	-

Notes of the Financial Statements

Note 7. Current liabilities

7a - Trade payables

	2020	2019
Trade creditors and accruals	**208,673**	276,540
Payables to other reporting unit	**-**	-
	208,673	276,540

Settlement is usually made within 30 days.

7b - Other payables

	2020	2019
ATO integrated client account balance	**623,490**	86,811
Payroll tax	**3,008**	154,857
Fringe benefits tax	**5,584**	76,525
Workers compensation	**30,537**	61,073
Unearned revenue – membership subscriptions	**14,186**	53,989
Unearned revenue – project income	**4,818**	95,132
Unearned revenue – grant income (SME Hub)	**143,000**	-
Unearned revenue – grant income (Skilling SA)	**13,658**	-
General creditors and accruals	**65,952**	350,639
	904,233	879,026

Notes of the Financial Statements

Note 7. Current liabilities (continued)

	2020	2019
7c – Members special funds		
Retail Apprentices Fund:	**201,492**	204,863
Received during the year	**-**	7,785
Expensed during the year	**(3,500)**	(11,156)
	197,992	201,492

AMIC periodically manages voluntary funds on behalf of groups of members. The funds are utilised solely on behalf of those members, and therefore, income and expenditure are not included within AMIC's Statement of Comprehensive Income, and the balance of funds is disclosed separately from Accumulated Funds.

Funds were originally contributed voluntarily from members and industry partners to fund marketing and promotions for retail butcher members in various states. Those promotional activities have ceased, and it has been determined that the remaining funds are to be spent on activities and projects that promote and support apprentices within the industry. AMIC has no equity in the fund.

Note 8. Provisions

	2020	2019
8a – Employee provisions		
Holders of office:	**-**	-
Employees other than office holders:		
Annual leave	**171,909**	182,076
Long service leave	**81,469**	80,098
Separations and redundancies	**-**	-
	253,378	262,174
	253,378	262,174
Represented as:		
Current	**239,752**	262,001
Non-current	**13,626**	173
	253,378	262,174

Notes of the Financial Statements

Note 9. Notes to the Statement of Cash Flows

9a - Cash flow reconciliation

	2020	2019
Reconciliation of net cash flows from operating activities:		
Profit (loss) for the year	**(869,188)**	150,446
Less items classified as investing/financing activities:		
Rent received	**(74,878)**	(68,688)
Investment portfolio management fees	**-**	36,000
Movement in value of investment portfolio	**(77,965)**	(1,199,605)
Adjustments for non-cash items:		
Depreciation/amortisation	**191,567**	191,527
(Gain) loss on disposal of assets	**-**	(5,146)
Other	**-**	-
Net cash provided by (used in) operating activities before changes in assets and liabilities	**(830,464)**	(895,466)
Change in trade and other receivables	**23,790**	(106,156)
Change in inventory	**14,476**	(1,658)
Change in other current assets	**112,551**	124,581
Change in trade payables	**(67,869)**	257,942
Change in other payables	**25,208**	-
Change in members special funds	**(3,500)**	-
Change in employee provisions	**(8,796)**	13,948
Net cash from (used in) operating activities	**(734,604)**	(606,809)

9b - Cash flow information

	2020	2019
Cash inflows - Australian Meat Industry Council	**4,160,888**	4,185,142
Cash outflows - Australian Meat Industry Council	**(4,847,355)**	(4,791,951)

Notes of the Financial Statements

Note 10. Related party transactions

	2020	2019

10a - Related party disclosures

The Board members of AMIC act in an honorary capacity and receive ex-gratia honorarium and are entitled to claim travel expenses and per diems, at set rates, for their attendance at Board meetings, Council meetings and Industry meetings. Board honorariums are set out under Note 4a. Each Board member is a representative of an organisation who is itself, a member of AMIC and who pays an annual subscription for that membership under normal commercial conditions.

10b - Key management personnel compensation

	2020	2019
Short-term employee benefits:		
Salary (including annual leave taken)	794,415	870,990
Annual leave accrued	-	-
Long service leave paid	-	-
Performance bonus	-	-
	794,415	870,990
Post-employment benefits:		
Superannuation	87,048	80,684
Other long-term benefits:		
Long-service leave accrued	-	-
Termination benefits		
Redundancy	43,443	-

10c - Transactions with key management personnel and their close family members

	2020	2019
Loans to (from) key management personnel	-	-
Other transactions with key management personnel	-	-

Notes of the Financial Statements

Note 11. Auditor's remuneration

	2020	2019
Value of the services provided:		
Audit of the financial statements	35,000	29,523
Other consulting services	-	-
	35,000	29,523

Note 12. Financial instruments

	2020	2019
12a – Categories of financial instruments		
Financial assets		
Fair value through profit or loss:		
Investments – managed investment portfolio	17,828,470	18,488,505
At amortised cost:		
Cash at bank	137,872	62,578
Trade and other receivables	459,279	483,069
	597,151	545,647
Carrying amount of financial assets	18,425,621	19,034,152
Financial liabilities		
Fair value through profit or loss:		
Trade payables	208,673	276,540
Lease liabilities	24,102	-
Carrying amount of financial liabilities	232,775	276,540

The carrying amounts of the financial assets and liabilities in the table above approximate their fair value.

Notes of the Financial Statements

Note 12. Financial instruments (continued)

12c - Financial risk management

AMIC has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

AMIC actively manages the collection of receivables to minimise the risk of non-payment.

Until May 2015, AMIC only deposited funds with recognised banks and financial institutions of good standing and actively sought to deposit those funds at the best available interest rates. Significant amounts of cash and term deposits were always maintained to ensure continuing liquidity. Since May 2015, significant funds have been placed in a Managed Investment Portfolio, whilst still providing access to sufficient liquidity always.

The objective of the Managed Investment Portfolio is to provide for a regular distribution to AMIC to fund its operations, whilst maintaining the real value of the fund. The strategy is to place 50% of the investment portfolio in growth assets (principally quoted shares and real estate investment trusts) and 50% in income assets (principally fixed interest). The income streams and quoted asset values are subject to market fluctuations.

Prior to the commencement of each financial year, AMIC prepares budgets for the next following year considering current conditions relating to its income streams, services it provides and the costs thereof. AMIC’s Constitution & Rules require that the budget demonstrates that AMIC can operate within income budgeted to be received for that financial year.

Credit risk

Credit risk is the risk of financial loss to AMIC if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from AMIC’s receivables. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets as at 30 June 2020 was **$20,698** (2019: $ 67,741). AMIC's exposure to credit risk is not significant.

Notes of the Financial Statements

Note 12. Financial instruments (continued)

12c - Financial risk management (continued)

Liquidity risk
Liquidity risk is the risk that AMIC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. AMIC's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to AMIC's reputation.

AMIC aims to maintain the level of its cash and cash equivalents and term deposits at an amount in excess of expected cash outflows on financial liabilities. AMIC has also invested in term deposits amounting to $682,872 (forming part of investments - managed portfolio) which can be accessed to meet short term liquidity needs. The contractual maturities of the financial liabilities at the reporting date are less than 12 months.

Market risk
Market risk is the risk that changes in market prices – e.g. interest rates and equity prices – will affect AMIC's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

	2020	2019
Financial assets:		
Cash at bank, at call and short-term deposits maturing in less than three months	**137,872**	64,621
Interest bearing instruments part of managed investment portfolio	**8,755,754**	9,237,707
	8,893,626	9,302,328
Financial liabilities:		
Trade payables	**208,673**	276,540

A 10 percent change in interest rates would have increased or decreased surplus by $9,983 (2019: $11,771). This analysis assumes that all other variables remain constant.

Price Risks

AMIC is exposed to equity price risk, which arises from equity securities at FVTPL. The management of AMIC monitors the proportion of equity securities in its investment portfolio based on market indices. Investments are designated as at FVTPL because their performance is actively monitored, and they are managed on a fair value basis.

A 10 percent change in equity prices would have increased or decreased surplus by $875,575 (2019: $923,770). This analysis assumes that all other variables remain constant.

Notes of the Financial Statements

Note 13. Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

(1) A member of AMIC, or the Commissioner, may apply to AMIC for specified prescribed information in relation to AMIC to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to AMIC.

(3) AMIC must comply with an application made under subsection (1).

Independent Auditor's Report

To the members of Australian Meat Industry Council

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Australian Meat Industry Council *(AMIC).*

In our opinion, the accompanying ***Financial Report*** presents fairly, in all material respects, the financial position of the Australian Meat Industry Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with:

- Australian Accounting Standards
- Any other requirement imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2020
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Expenditure Report Subsection 255 (2A)
- Notes including a summary of significant accounting policies
- Committee of Management Statement

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 AMIC in accordance with 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 fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Report has been prepared to assist the members of Australian Meat Industry Council in complying with the financial reporting requirements of the Fair Work (Registered Organisation) Act 2009.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Australian Meat Industry Council and the Registered Organisations Commission and should not be used by or distributed to parties other than the members of Australian Meat Industry Council and the Registered Organisations Commission. We 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 of Australian Meat Industry Council or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Australian Meat Industry Council's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Committee of Management is responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management is responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the Australian Accounting Standards and the requirements of the Fair Work (Registered Organisation) Act 2009;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the AMIC's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate AMIC or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

I declare that I am an auditor registered under the RO Act.

Report on other legal and regulatory requirements

Opinion

In our opinion, the Committee if Management's use of going concern basis of accounting in the preparation of the financial Report is appropriate.

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. I have nothing to report on these matters.

KPMG

KPMG

Chris Hollis

Partner

Sydney

23 October 2020

Registration number under the RO Act: AA2020/22