AMIC Australian Meat Industry Council

2021-2022 Annual Report

Australian Meat Industry Council

ABN: 65 990 653 488

Annual Financial Report

For the year ended

30 June 2022

Australian Meat Industry Council

Contents:

Certificate by Prescribed Designated Officer

For the year ended 30 June 2022

I, Trevor Hill, being the Treasurer of the Australian Meat Industry Council certify:

- that the documents lodged herewith are copies of the full report for the Australian Meat Industry Council for the period ended 30 June 2022 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was approved by the Committee of Management of the Australian Meat Industry Council on 19 October 2022.

- the full report was published and made available to members on 25 October 2022.

- that the full report was presented at the Annual General Meeting of the members on 5 December 2022 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

TREVOR HILL

Treasurer

5 December 2022

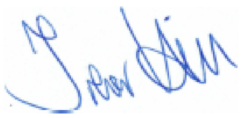
Expenditure report required under subsection 255(2A)

For the year ended 30 June 2022

The Committee of Management presents the expenditure report as required under subsection 255(2A) on AMIC for the year ended 30 June 2022.

	2022	2021
Categories of expenditure		
Remuneration and other employment-related costs and expenses - employees	**2,515,967**	2,391,577
Advertising	**32,063**	8,546
Operating costs	**1,071,675**	895,068
Donations to political parties	**-**	-
Legal costs	**103,482**	15,590
	3,723,187	3,310,781

Signature of designated officer:



TREVOR HILL

Treasurer

24 October 2022

Operating Report

For the year ended 30 June 2022

The Committee of Management presents its operating report on the Australian Meat Industry Council ("AMIC") for the financial year ended 30 June 2022.

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 **$(1,186,441)** during the year against a profit of $2,162,613 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 2022

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

- Gary Hardwick, Industry Representative of Hardwicks Meat Works Pty Ltd (AMIC member)
- Noel Kelson, Industry Representative of Midfield Meat International Pty Ltd (AMIC member)
- Kerry Johnson, Senior Consultant of HR Flex Ability (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 **1,333** 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	1,116
Processors	146
Smallgoods	51
Associate (non-voting)	20
Total	**1,333**

Number of employees

There were **18** full time equivalent employees of AMIC at the end of the financial year.

Operating Report (continued)

For the year ended 30 June 2022

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	4	4
Robert Constable - Deputy Chairman	4	4
Trevor Hill - Treasurer	3	4
Roger Fletcher	4	4
Noel Kelson	4	4
Franz Knoll	4	4
Simon Linke	4	4
Dominick Melrose	3	4
Terry Nolan	3	4
Rod Sellers	2	4
Greig Smith	4	4

A – Number of meetings attended.

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

Signature of designated officer:

TREVOR HILL

Treasurer

24 October 2022

Committee of Management Statement

For the year ended 30 June 2022

On the 24th of October 2022, 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 2022:

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 Commissioner duly made under section 272 of the RO Act has been provided to the member or the Commissioner; 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.

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

Signature of designated officer:

TREVOR HILL

Treasurer

24 October 2022

Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	**2022**	2021
Revenue from contracts with customers	3		
Membership subscriptions		**2,352,561**	2,267,841
Capitation fees and other revenue from another reporting unit	3a	**-**	-
Levies	3b	**-**	-
Project and event income		**408,856**	149,609
Food safety plan audit income		**18,936**	460
Total revenue from contracts with customers		**2,780,353**	2,417,910
Income for furthering objectives	3		
Grants or donations	3c	**167,233**	218,902
Industry Consultation (Red Meat Advisory Council Ltd)		**658,680**	612,696
Total income for furthering objectives		**825,913**	831,598
Other income			
Net gains from sale of assets	3d	**2,727**	-
Revenue from recovery of wages activity	3e	**-**	-
Investment income	3f	**-**	2,232,100
Rental income	3g	**74,906**	60,007
Finance income		**-**	3
Other income	3h	**90,299**	100,692
Total other income		**167,932**	2,392,802
Total income		**3,774,197**	5,642,310
Expenses			
Employee expenses	4a	**2,515,967**	2,391,577
Project and event expenses		**166,088**	56,529
Food safety plan audit expenses		**12,167**	20,617
Cost of goods sold		**-**	11,449
Investment loss	3f	**1,068,588**	-
Capitation fees and other expense to another reporting unit	4b	**-**	-
Affiliation fees	4c	**31,851**	23,460
Administration expenses	4d	**829,950**	724,975
Grants or donations	4e	**-**	-
Depreciation and amortisation	4f	**152,323**	168,382
Finance costs	4g	**42,175**	43,087
Legal costs	4h	**103,489**	15,673
Write-down and impairment of assets	4i	**-**	-
Net losses from sale of assets	4j	**14,040**	-
Other expenses	4k	**-**	-
Audit fees	11	**24,000**	23,948
Total expenses		**4,960,638**	3,479,697

Statement of Comprehensive Income (continued)

For the year ended 30 June 2022

	Note	2022	2021
Profit (loss) for the year		**(1,186,441)**	2,162,613
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land and buildings		**3,081,037**	-
Total comprehensive income for the year		**1,894,596**	2,162,613

The notes on pages 14 to 54 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2022

	Note	2022	2021
Current assets			
Cash and cash equivalents	5a	800,688	368,368
Trade and other receivables	5b	369,729	367,077
Other current assets	5d	174,757	106,628
		1,345,174	842,073
Non-current assets classified as held for sale	5e	4,900,000	-
Total current assets		6,245,174	842,073
Non-current assets			
Land and buildings	6a	-	1,892,344
Plant and equipment	6b	76,488	102,035
Intangibles	6c	167,159	17,241
Investments – Real Property	6d	81,804	89,368
Investments – Managed Investment Portfolio	6e	18,242,509	19,347,098
Right-of-use assets	6f	12,771	18,278
Total non-current assets		18,580,731	21,466,364
Total assets		24,825,905	22,308,437
Current liabilities			
Trade payables	7a	238,501	133,827
Other payables	7b	187,470	163,219
Contract liabilities	7c	756,645	218,060
Members Special Funds	7d	185,804	197,992
Employee provisions	8a	227,966	272,513
Lease liability	6f	6,885	6,547
Total current liabilities		1,603,271	992,158
Non-current liabilities			
Employee provisions	8a	47,176	29,642
Lease liability	6f	6,657	12,432
Total non-current liabilities		53,833	42,074
Total liabilities		1,657,104	1,034,232
Net assets		23,168,801	21,274,205
Equity			
Asset revaluation reserve		3,081,037	-
Retained earnings		20,087,764	21,274,205
Total equity		23,168,801	21,274,205

The notes on pages 14 to 54 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2022

	Asset revaluation reserve	Retained earnings	Total equity
Balance as at 1 July 2020	**-**	**19,111,592**	**19,111,592**
Profit (loss) for the year	-	2,162,613	2,162,613
Transfer to asset revaluation reserve	-	-	-
Other comprehensive income for the year	-	-	-
Closing balance as at 30 June 2021	**-**	**21,274,205**	**21,274,205**
Profit (loss) for the year	-	(1,186,441)	(1,186,441)
Transfer to asset revaluation reserve	-	-	-
Other comprehensive income for the year	3,081,037	-	3,081,037
Closing balance as at 30 June 2022	**3,081,037**	**20,087,764**	**23,168,801**

The notes on pages 14 to 54 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2022

	Note	**2022**	2021
Cash flows from operating activities			
Cash receipts from customers	9b	**4,063,304**	3,786,645
Receipts from other reporting unit/controlled entity(s)		**-**	-
Cash payments to suppliers and employees	9b	**(3,492,725)**	(4,229,727)
Payment to other reporting units/controlled entity(s)		**-**	-
Cash (used in) generated from operating activities	9a	**570,579**	(443,082)
Interest and other costs of finance paid	4g	**(42,175)**	(43,087)
Net cash from (used in) operating activities	9a	**528,404**	(486,169)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**-**	-
Managed investment portfolio distribution	3f	**36,001**	713,471
Proceeds from investment properties	3g	**74,906**	60,007
Purchase of plant and equipment	6b, 6d	**(201,553)**	(51,690)
Net cash from (used in) investing activities		**(90,646)**	721,788
Cash flows from financing activities			
Repayment of borrowings		**-**	-
Payment of lease liabilities	6f	**(5,438)**	(5,123)
Net cash from (used in) financing activities		**(5,438)**	(5,123)
Net increase (decrease) in cash and cash equivalents		**432,320**	230,496
Cash and cash equivalents at 1 July		**368,368**	137,872
Cash and cash equivalents at 30 June	5a	**800,688**	368,368

The notes on pages 14 to 54 are an integral part of these financial statements.

Index to the Notes of the Financial Statements

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.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following accounting standards and amendments, which have been adopted for the first time this financial year:

International Financial Reporting Standards Interpretations Committee (IFRS IC) agenda decision on configuration or customisation costs in cloud computing or Software-as-a-Service (SaaS) arrangements.

In April 2021, the IFRS IC published an agenda decision relating to the accounting for configuration and customisation costs incurred related to a SaaS arrangement.

There are no configuration and customisation costs relating to a SaaS arrangement and hence, the amendment had no impact on the financial statements of AMIC.

AASB 2021-3 Amendments to AASs – COVID-19-Related Rent Concessions beyond 30 June 2021.
These amendments extends the practical expedient contained in AASB 2020-4 and permits lessees not to assess whether rent concessions as a direct consequence of the COVID-19 pandemic that reduce lease payments originally due on or before 30 June 2022 are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

The amendment had no impact on the financial statements of AMIC.

No accounting standard has been adopted earlier than the application date stated in the standard.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on AMIC include:

AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments
This Standard amends:
- the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- AASB 3 to update references to the Conceptual Framework for Financial Reporting;
- AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;

Notes of the Financial Statements

1.4 New Australian Accounting Standards (continued)

- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and
- AASB 141 to align the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AMIC does not expect the adoption of these amendments to have an impact on its financial statements.

AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

AMIC expects more disclosures in future years but does not expect the adoption of this amendment to have a material impact on its financial statements.

AASB 2021-2 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates

This Standard amends:
- AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- Additional conforming amendments to AASB 1049, AASB 1054, and AASB 1060 were made by AASB 2021-6.

AMIC expects more disclosures in future years but does not expect the adoption of this amendment to have a material impact on its financial statements.

Notes of the Financial Statements

1.5 Current versus non-current classification

AMIC presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

AMIC classifies all other liabilities as non-current.

1.6 Revenue

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

Notes of the Financial Statements

1.6 Revenue (continued)

- 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.

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.

Notes of the Financial Statements

1.6 Revenue (continued)

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.

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.

Rental income

Leases in which AMIC, as a lessor, do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

Notes of the Financial Statements

1.7 Acquisition of assets and or liabilities that do not constitute a business combination

AMIC did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.8 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.

1.9 Leases

AMIC assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

AMIC as a lessee

AMIC applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. AMIC recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

AMIC recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to AMIC at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

1.9 Leases (continued)

Lease liabilities

At the commencement date of the lease, AMIC recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by AMIC and payments of penalties for terminating the lease, if the lease term reflects AMIC exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, AMIC uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

AMIC's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.10 Borrowing costs

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

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include 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

1.12 Financial instruments

Contract assets and receivables

A contract asset is recognised when AMIC's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on AMIC's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

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 marketplace (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

For purposes of subsequent measurement, financial asset are classified as:

- 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.

Notes of the Financial Statements

1.12 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. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Notes of the Financial Statements

1.12 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.

1.12 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

1.12 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.

1.13 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

AMIC's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 Financial Instruments are satisfied.

Financial liabilities at amortised cost
After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Notes of the Financial Statements

1.13 Financial Liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.14 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.

1.15 Liabilities relating to contracts with customers

Contract liabilities
A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before AMIC transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when AMIC performs under the contract (i.e. transfers control of the related goods or services to the customer).

1.16 Going concern

AMIC is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

AMIC has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Notes of the Financial Statements

1.17 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

1.17 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.

1.18 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.

1.19 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.

1.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Notes of the Financial Statements

1.20 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.

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.

1.21 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:

Notes of the Financial Statements

1.21 Fair value measurement (continued)

- 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.

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

The property at St Leonards NSW was sold subsequent to the year end (on 1 August 2022) for $4,900,000. The property has been classified as assets held for sale at balance date under note 5e.

There has not been any other matter or circumstance occurring after 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.

Notes of the Financial Statements

Note 3. Revenue and income

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.

	2022	2021
Type of customer		
Members – subscription	**2,352,561**	2,267,841
Members – food safety plan audit income	**18,936**	460
Other reporting units	**-**	-
Government	**-**	-
Other parties	**408,856**	149,609
Total revenue from contracts with customers	**2,780,353**	2,417,910

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.

	2022	2021
Income funding sources		
Members	**-**	-
Other reporting units	**-**	-
Government	**167,233**	218,902
Other parties	**658,680**	612,696
Total income for furthering activities	**825,913**	831,598

Notes of the Financial Statements

Note 3. Revenue and income (continued)

	2022	2021
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	**167,233**	218,902
3d - Net gains from sale of assets		
Plant and equipment	**2,727**	-
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	**-**	1,518,628
Investment income earned	**36,000**	713,472
	36,000	2,232,100
Total loss from managed investment		
Fair value loss on investment	**(1,104,588)**	-
Net investment income	**(1,068,588)**	2,232,100
3g – Rental income		
Rent and outgoings recovery	**74,906**	60,007

Notes of the Financial Statements

Note 3. Revenue and income (continued)

3h - Other income

	2022	2021
Advertising	**2,348**	1,475
Members saleable items and services	**20,406**	40,388
Bad debts recovered	**6,037**	2,727
Commissions from member insurance agent	**2,251**	5,673
Cashflow boost (ATO)	**-**	-
Other income	**59,257**	50,429
	90,299	100,692

Note 4. Expenses

4a - Employee expenses

	2022	2021
Holders of office:		
Wages and directors' honorariums	**73,200**	74,150
Superannuation	**-**	-
Leave and other entitlements	**-**	-
Separation and redundancies	**-**	-
Other employee expenses	**-**	-
	73,200	74,150
Employees other than office holders:		
Wages and salaries	**2,198,959**	2,035,344
Superannuation	**213,240**	193,514
Leave and other entitlements	**(27,013)**	48,777
Separation and redundancies	**-**	-
Recruitment	**2,195**	1,535
Other employee expenses	**55,386**	38,257
	2,442,767	2,317,427
	2,515,967	2,391,577

4b - Capitation fees

Capitation fees	**-**	-

Notes of the Financial Statements

Note 4. Expenses (continued)

4c - Affiliation fees

	2022	2021
Australian Peak Shippers Association	4,750	4,750
Council of Small Business Organisations Australia	9,084	7,142
Meat Businesswomen	5,588	6,359
Asia Society Australia	5,000	-
Australian British Chamber of Commerce	2,292	1,667
International Meat Trade Association	2,841	-
The Refrigerated Warehouse & Transport Association of Australia	-	1,894
Goat Industry Council of Australia	1,065	1,065
AgForce	731	-
MINTRAC	500	583
	31,851	23,460

4d - Administration expenses

	2022	2021
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	11,488	33,400
Bad and doubtful debts	2,500	535
Conference and meeting expenses - staff	14,929	5,877
Contractors and consultants	130,484	82,730
Property expenses	149,613	122,430
Motor vehicle expenses	92,801	71,061
Travel	66,558	67,380
Information communications technology	165,429	148,158
Marketing and promotion	32,063	8,546
Office expenses	39,601	47,496
Insurance	29,720	35,903
Subscriptions and information services	24,203	23,208
Grant expenses	102,516	69,258
Other	(35,146)	3,567
Lease - equipment rental	3,191	5,426
	829,950	724,975

Notes of the Financial Statements

Note 4. Expenses (continued)

	2022	2021
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	-	-
	-	-

	2022	2021
4f - Depreciation		
Land and buildings	78,194	78,194
Property, plant and equipment	28,081	30,729
Motor vehicles	34,445	32,546
Software and websites	6,094	21,405
Right of use assets	5,508	5,508
	152,323	168,382

	2022	2021
4g - Finance costs		
Bank charges	5,251	5,180
Interest	924	1,907
Investment portfolio management fees	36,000	36,000
	42,175	43,087

	2022	2021
4h - Legal costs		
Litigation	90,107	-
Debt collection	7	83
Other legal matters	13,375	15,590
	103,489	15,673

Notes of the Financial Statements

Note 4. Expenses (continued)

4i - Write-down and impairment of assets

	2022	2021
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Motor vehicles	-	-
Intangibles	-	-
Other	-	-
	-	-

4j - Net losses from sale of assets

	2022	2021
Land and buildings	-	-
Plant and equipment	(219)	-
Motor vehicles	-	-
Intangibles	(13,821)	-
	(14,040)	-

4k - Other expenses

	2022	2021
Penalties - via RO Act or RO Regulations	-	-

Notes of the Financial Statements

Note 5. Current assets

	2022	2021
5a - Cash and cash equivalents		
Cash at bank	800,688	368,368
Cash on hand	-	-
	800,688	368,368

	2022	2021
5b - Trade and other receivables		
Receivables from other reporting unit(s)	-	-
Total receivables from other reporting unit(s)	-	-
Less allowance for expected credit losses	-	-
Total allowance for expected credit losses	-	-
Receivable from other reporting unit(s) (net)	-	-
Trade receivables	38,402	60,549
Allowance for doubtful debts	-	-
	38,402	60,549
Industry consultation funding – Red Meat Advisory Council Ltd	329,327	306,528
Other receivables	2,000	-
GST receivable	-	-
	331,327	306,528
	369,729	367,077

	2022	2021
5c - Inventory		
Finished goods at cost	-	-

Notes of the Financial Statements

Note 5. Current assets (continued)

	2022	2021
5d – Other current assets		
Prepayments - general	83,077	106,628
Prepayments - advance grant expenditure	91,680	-
Prepayments - advance project expenditure	-	-
	174,757	106,628

	2022	2021
5e – Non-current assets held for sale		
Land and buildings:		
At fair value less costs to sell	4,900,000	-
	4,900,000	-

AMIC's property at St Leonards NSW has been classified as held for sale as the carrying amount will be recovered principally through a sale transaction rather than through continuing use. The property was sold subsequent to the year end on 1 August 2022 for $4,900,000.

Notes of the Financial Statements

Note 6. Non-current assets

	2022	2021
6a - Land and buildings		
Land and buildings:		
At fair value	-	2,935,273
Accumulated depreciation	-	(1,042,929)
	-	1,892,344

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	**(1,042,929)**	(969,547)
Net book value 1 July	**1,892,344**	1,965,726
Additions:		
From acquisition of land and buildings	-	-
Revaluations	**3,081,038**	-
Impairments	-	-
Depreciation expense	**(73,382)**	(73,382)
Other movement	-	-
Disposals:		
From disposal of land and buildings	-	-
Classified as held for sale (note 5e)	**(4,900,000)**	-
Net book value 30 June	-	1,892,344

Fair value of the property was determined by using market comparable method. This means that valuation performed by the valuer is based on active market prices, significantly adjusted for the difference in the nature, location, or condition of the specific property. As at the date of revaluation, the property's fair value is based on valuation performed by an accredited independent valuer, summarised below.

Details of valuation are as below:

Property at	Valuer	Valuation date	Valuation
St Leonards NSW	Keen Property Pty Ltd	30 June 2022	$5,100,000

The property at St Leonards has been classified as held for sale (in note 5e) as the carrying amount will be recovered principally through a sale transaction rather than through continuing use. The property was sold subsequent to the year end for $4,900,000 and reflects fair value.

Notes of the Financial Statements

Note 6. Non-current assets (continued)

	2022	2021
6b - Plant and equipment		
Furniture and fittings:		
At cost	**675,303**	704,721
Accumulated depreciation	**(659,076)**	(694,749)
	16,227	9,972
Office equipment:		
At cost	**617,160**	605,868
Accumulated depreciation	**(586,426)**	(577,997)
	30,734	27,871
Motor vehicles:		
At cost	**153,397**	183,443
Accumulated depreciation	**(123,869)**	(119,251)
	29,527	64,192
Total plant and equipment	**76,488**	102,035

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

As at 1 July		
Gross book value	**1,494,032**	1,445,094
Accumulated depreciation and impairment	**(1,391,997)**	(1,328,723)
	102,035	116,371
Additions:		
By purchase	**37,200**	48,938
From acquisition of entities	**-**	-
Impairments	**-**	-
Depreciation expense	**(62,527)**	(63,274)
Other movement	**-**	-
Disposals:		
From disposal of plant and equipment	**(220)**	-
Other	**-**	-
Net book value 30 June	**76,488**	102,035

Notes of the Financial Statements

Note 6. Non-current assets (continued)

	2022	2021
6c - Intangibles		
Software and websites:		
At cost	169,834	259,936
Accumulated amortisation	(2,675)	(242,695)
	167,159	17,241

Reconciliation of the opening and closing balances of intangibles:

As at 1 July		
Gross book value	259,936	259,936
Accumulated amortisation and impairment	(242,695)	(221,290)
	17,241	38,646
Additions:		
By purchase	169,834	-
From acquisition of entities	-	-
Impairments	-	-
Amortisation expense	(6,095)	(21,405)
Other movement	-	-
Disposals	(13,821)	-
Other	-	-
Net book value 30 June	167,159	17,241

Notes of the Financial Statements

Note 6. Non-current assets (continued)

6d - Investments – Real Property

	2022	2021
Land and buildings:		
Strata title properties at cost	**192,480**	192,480
Accumulated depreciation	**(110,676)**	(105,864)
	81,804	86,616
Furniture and fittings:		
At cost	**-**	59,371
Accumulated depreciation	**-**	(56,619)
	-	2,752
	81,804	89,368

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

As at 1 July		
Gross book value	**251,851**	249,099
Accumulated depreciation and impairment	**(162,483)**	(157,671)
	89,368	91,428
Additions:		
By purchase	**-**	2,752
From acquisition of entities	**-**	-
Impairments	**-**	-
Depreciation expense	**(4,812)**	(4,812)
Other movement	**-**	-
Disposals	**(2,752)**	-
Other	**-**	-
Net book value 30 June	**81,804**	89,368

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:

	2022	2021
As at 1 July		
Market value	**19,347,098**	17,828,470
Additions:		
By purchase of investments at cost	-	-
From acquisition of entities	-	-
Disposals	-	-
	19,347,098	17,828,470
Investment income and revaluations within the portfolio	**(1,140,589)**	2,232,100
Cash distributed during the year for use in AMIC operations	-	(677,472)
Portfolio management fees	**(36,000)**	(36,000)
Fair value (loss) gain on investment	**(1,104,589)**	1,518,628
Market value 30 June	**18,242,509**	19,347,098

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.

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.

(a) Right-of-use assets

	2022	2021
Balance at 1 July 2021	18,278	23,786
Additions	-	-
Depreciation expense	(5,507)	(5,508)
Balance at 30 June 2022	12,771	18,278

(b) Lease liabilities

	2022	2021
Balance at 1 July 2021	18,979	24,102
Lease liabilities recognised during the year	-	-
Interest expense	924	1,239
Payments made during the year	(6,362)	(6,362)
Balance at 30 June 2022	13,541	18,979
Represented as:		
Current	6,884	6,547
Non-current	6,657	12,432
Lease liabilities in the statement of financial position	13,541	18,979

(c) Amounts recognised in profit or loss

	2022	2021
Interest on lease liabilities	924	1,239
Expenses relating to short-term and low value leases	3,191	5,426

(d) Amounts recognised in statement of cash flows

	2022	2021
Total cash outflow for leases	5,438	5,123

Notes of the Financial Statements

Note 7. Current liabilities

	2022	2021
7a - Trade payables		
Trade creditors and accruals	238,501	133,827
Payables to other reporting unit	-	-
	238,501	133,827

Settlement is usually made within 30 days.

	2022	2021
7b - Other payables		
ATO integrated client account balance	107,437	38,318
Payroll tax	391	3,116
Fringe benefits tax	3,358	30,635
Workers' compensation	7,388	26,312
General creditors and accruals	68,896	64,838
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs payable:		
Litigation	-	-
Other legal costs	-	-
	187,470	163,219

	2022	2021
7c – Contract liabilities		
Unearned revenue – membership subscriptions	36,538	14,599
Unearned revenue – competition income	20,931	-
Unearned revenue – sponsorship income	94,176	148,461
Unearned revenue – grant income (ATMAC)	575,000	-
Unearned revenue – grant income (Export Traceability)	30,000	55,000
	756,645	218,060

Notes of the Financial Statements

Note 7. Current liabilities (continued)

7d – Members special funds

	2022	2021
Retail Apprentices Fund:	**197,992**	197,992
Received during the year	**-**	-
Expensed during the year	**(12,188)**	-
	185,804	197,992

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

8a – Employee provisions

	2022	2021
Holders of office:		
Annual leave	**-**	-
Long service leave	**-**	-
Separations and redundancies	**-**	-
Other	**-**	-
	-	-
Employees other than office holders:		
Annual leave	**214,749**	199,882
Long service leave	**60,393**	102,273
Separations and redundancies	**-**	-
Other	**-**	-
	275,142	302,155
	275,142	302,155
Represented as:		
Current	**227,966**	272,513
Non-current	**47,176**	29,642
	275,142	302,155

Notes of the Financial Statements

Note 9. Notes to the Statement of Cash Flows

9a - Cash flow reconciliation

	2022	2021
Reconciliation of net cash flows from operating activities:		
Profit (loss) for the year	**(1,186,441)**	2,162,613
Less items classified as investing/financing activities:		
Rent received	**(74,906)**	(60,007)
Movement in value of investment portfolio	**1,068,588**	(2,232,100)
Adjustments for non-cash items:		
Depreciation/amortisation	**152,323**	168,382
(Gain) loss on disposal of assets	**11,312**	-
Other	**-**	-
Net cash provided by (used in) operating activities before changes in assets and liabilities	**(29,124)**	38,888
Change in trade and other receivables	**(2,652)**	92,202
Change in inventory	**-**	11,449
Change in other current assets	**(68,130)**	(79,685)
Change in trade payables	**104,674**	(74,844)
Change in other payables and deferred income	**562,837**	(522,956)
Change in members special funds	**(12,188)**	-
Change in employee provisions	**(27,013)**	48,777
Net cash from (used in) operating activities	**528,404**	(486,169)

9b - Cash flow information

Cash inflows - Australian Meat Industry Council	**4,063,304**	3,786,645
Cash outflows - Australian Meat Industry Council	**(3,492,725)**	(4,229,727)

Notes of the Financial Statements

Note 10. Related party transactions

	2022	2021
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.

There were no payments made during the reporting period to former related parties, as described in reporting guideline 20.

10b - Key management personnel compensation

	2022	2021
Short-term employee benefits:		
Salary (including annual leave taken)	**1,237,084**	1,080,729
Annual leave accrued	**28,935**	17,032
Long service leave paid	**-**	-
Performance bonus	**-**	-
	1,266,019	1,097,761
Post-employment benefits:		
Superannuation	**116,430**	102,669
Other long-term benefits:		
Long-service leave accrued	**18,166**	12,442
Termination benefits		
Redundancy	**-**	-

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

	2022	2021
Loans to (from) key management personnel	**-**	-
Other transactions with key management personnel	**-**	-

10d - Payments to former related party

	2022	2021
Payments to former related party of AMIC	**-**	-

Notes of the Financial Statements

Note 11. Auditor's remuneration

	2022	2021
Value of the services provided:		
Audit of the financial statements	**24,000**	22,500
Other consulting services	**-**	1,448
	24,000	23,948

Note 12. Financial instruments

	2022	2021
12a – Categories of financial instruments		
Financial assets		
Fair value through profit or loss:		
Investments – managed investment portfolio	**18,242,509**	19,347,098
At amortised cost:		
Cash at bank	**800,688**	368,368
Trade and other receivables	**369,729**	367,077
	1,170,417	735,445
Carrying amount of financial assets	**19,412,926**	20,082,543
Financial liabilities		
Fair value through profit or loss:		
Trade payables	**237,001**	133,827
Other payables	**187,470**	163,219
Lease liabilities	**13,541**	18,979
Carrying amount of financial liabilities	**438,012**	316,025

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 2022 was **$Nil** (2021: $Nil). 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 **$648,176** (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

	2022	2021
Financial assets:		
Cash at bank, at call and short-term deposits maturing in less than three months	**797,957**	368,368
Interest bearing instruments part of managed investment portfolio	**9,457,055**	9,572,276
	10,255,012	9,940,644

A 10 percent change in interest rates would have increased or decreased surplus by **$9,552** (2021: $9,668). 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 **$945,705** (2021: $957,228). This analysis assumes that all other variables remain constant.

Notes of the Financial Statements

Note 13. Equity

Note 13A: General funds

	2022	2021
Retained earnings		
Balance as at start of year	21,274,205	19,111,592
Transferred to general fund (Surplus for the year)	-	2,162,613
Transferred out of general fund (Deficit for the year)	(1,186,441)	-
Balance as at end of year	20,087,764	21,274,205
Total general funds	20,087,764	21,274,205

Note 13B: Other funds

	2022	2021
Compulsory levy/voluntary contribution fund		
Balance as at start of year	-	-
Transferred to fund, account or controlled entity	-	-
Transferred out of fund, account or controlled entity	-	-
Balance as at end of year	-	-
Total compulsory levy/voluntary contribution fund	-	-

Note 14. Administration of financial affairs by a third party

AMIC did not have another entity administer the financial affairs.

Note 15. 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).

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

INDEPENDENT AUDITORS' 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 (the Reporting Unit), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the subsection 255(2A) report and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2022, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

b) 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).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

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

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Nexia Sydney Audit Pty Ltd

Vishal Modi
Director

Registration number (as registered by the RO Commissioner under the RO Act): AA2019/20

Dated this 24th day of October 2022