

Annual Report
2017 - 2018

Droughtmaster Stud Breeders'
Society Limited

DROUGHTMASTER STUD BREEDERS' SOCIETY LIMITED

1st April 2017 to 31st March 2018

Patron John Gardner

President Paul Laycock

Vice President Douglas Birch

Directors

National Dean Allen
National Doug Miles
National Kevin Woolcock

Southern Sharon Harms
Far Southern Timothy Lloyd
South East Brian Heck
Western Ken Mutton
Central Douglas Birch
Northern Vacant
Far Northern Jeff Williams
Special Skills Paul Laycock

Chief Executive Officer Neil Donaldson

Administration Staff

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

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ABN: 19 010 129 683

2017 - 2018 ANNUAL REPORT

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I am pleased to present the following report on the 2017-2018 Financial Year.

My report covers the following areas:

Financials

As can be ascertained from the Financial Report included in this Annual Report, the financial position of the society is healthy and very sustainable. At the June 2018 Board Meeting, Director Tim Lloyd asked the independent Auditor for his thoughts on the financial position of the society and his response was the Society was very strong financially and in a great position for the future.

Our CEO does a great job in reviewing the financial position on a monthly basis, ensuring our expenses are well managed in accordance with expected income.

My statement of position is: "The financial position of the society is strong and is not decreasing. The CEO's financial management and accounting management within the society is accurate and sufficient".

Human Resources

The staff are very focused and continuing to do an efficient and effective job. All staff have job descriptions and Key Performance Indicators for their positions. Frequent documented reviews are being carried out by management for all positions, ensuring a positive and efficient culture is being kept and maintained in the office.

My statement of position is: "All staff are currently performing above average in their roles. In reviewing our business, which is service/consulting type operation, the cost of wages as a percentage of overall operating costs, is well within the boundaries of what might be expected".

Marketing

The last year has seen some more inclusive marketing of "private" and "endorsed" sales to better emphasize the overall size of the breed. Our CEO has captured several unique opportunities to ensure the Droughtmaster breed is seen as the Number 1 breed of choice. The promotion at Beef 2018 by the Society and exhibitors, was just fantastic.

My statement of position is: "The Droughtmaster marketing has been maintained at a good level this year, however I feel the Board needs to consider "out of the box" opportunities to better strengthen our position in the industry. There could be work carried out with other tropical breed societies to promote the benefits of keeping tropical cattle at the forefront of all breeding programs".

Expenses

As stated previously, our CEO and management of the office do a great job of managing expenses in line with expected incomes. The office runs lean, but effectively. The Board needs to do a better job of getting the appropriate advice in areas of finance and legal. Uninformed decisions with regard to gaining advice on legal liability, has seen our accounting fees and auditing fees double. It was unfortunate that on occasion, advice provided by the CEO, President and the Company Secretary was not accepted by the Board.

The coming year will see a detailed analysis of the costs of running sponsored sales to ensure a system is developed, which is fair and equitable to all members.

My statement of position is: "Expenses are well managed and Budgets are well adhered to, however the Board needs to better understand its limitations at times and obtain or take the appropriate advice when provided".

Income

The Society has seen some growth in non-traditional income due to the fortunate timing in rising cattle prices for our BIN Research steers, however our focus has never been turned away from maintaining and growing our core business incomes. The Society's income streams need to be grown, and sponsorship that does not take away from sales, is certainly an area of concentration.

My statement of position is: "Incomes are strong, but a concentrated effort on building new core revenues to help maintain membership costs into the future is a positive direction".

Assets

The Society's office premises is the main asset of the society and is in a well-maintained condition. Some Members raised concerns with Directors that the value of the property had decreased considerably since its purchase and renovation in 2011. With the obtaining of a valuation by a registered valuer, this concern has proven to be incorrect and a quick analysis of the rent we would have had to pay over this 7 year period, indicates the Society is well ahead financially. A good decision by the Board in 2011.

My statement of position is: "The asset level of the Society is strong, safe and sustainable".

The Membership

In my view the Membership is the greatest of all the Society's assets. With varying weather conditions, it certainly has been challenging for many. However, with cattle prices being stronger than the previous year's and bull prices last year being strong, the membership is holding ground and new members are joining on a monthly basis.

My statement of position is: "The Society is working hard to provide services to the membership and the general feedback from Members is positive. Any concerns raised, have been addressed or attempted to be addressed and communication, even though not at a sufficient level for my liking yet, is on the increase. The majority of the membership is positive and seems sustainable in nature".

The Board

I reluctantly accepted resignations by Ken Mutton, Dean Allen, Tim Lloyd and Brian Heck as directors. As I am not standing again for President, the membership has the challenge of building an effective and cohesive Board. I take this opportunity to thank the Directors who have resigned for their time and efforts, especially in trying to build a positive culture within the Board. Your support of the membership was, and will always be, well noted. I would also like to thank Jeff Williams from the Far Northern Zone. Jeff has continually supported his zone whilst looking at the big picture and provided me help and support and advice throughout the year.

PRESIDENT'S REPORT

My statement of position is: "The Board needs to be made up of individuals who are capable and comfortable to put forward their own ideas and concerns and then work as a team to resolve the issues for the benefit of the membership in its entirety."

Conclusion

I thank the membership for supporting me in filling in as President for the past year. I have enjoyed working with the membership and the CEO, as well as all the staff. It has been a great year with all results being positive and strong, notwithstanding the difficulties the divisions within the board created. I am happy to try and do the best handover possible as it is important for the membership's future, as well as my family's studs future, that this role is filled and keeps moving forward.

The Droughtmaster breed is Number 1 and it has so much great potential. Good luck all.

Paul Laycock
President

Following several years of little or no growth, I am pleased to report the early signs of growth we noted last year, have consolidated into strong indicators in the 2017-2018 Financial Year,

Total Membership is up by 5.4% year on year, with Stud Membership up by 2.5%. Registered Female numbers are up 2% to 31,401 head, with Female Culls down by 6%. Female Culls have reduced by 39% since 2014-2015 Financial Year, when culls were at their peak. So there has been a significant turnaround over the last 3 years.

ARBCA are due to publish the annual statistics for all breeds in 2017, which will list our total new registrations at 8,708 – this is a year on year increase of 13.6%.

All these increases provide confidence that the predicted growth phase appears to be coming to fruition. Excluding factors beyond our control (such as sustained widespread droughts and/or political interference, etc) there is every reason to expect that growth to be ongoing.

This predicted growth is also indicated when analysing the auction sale results for the 2017 calendar year, which saw bulls sold increase by 13% to 1,994 head. This growth was achieved whilst maintaining the strong 93% clearance generated in 2016. Average prices in 2017 were up 5% to \$7580, with the gross up by 10% to \$14,053,723. Reasonable seasons and good cattle prices combined with commercial breeders' confidence in the Droughtmaster breed have generated this strong growth in auction results.

To continue the growth in demand for Droughtmaster genetics, the Society continues to spend a large proportion of its income on promotion. In the 2017/2018 Financial Year more than \$219,000 was spent on promotion. This included advertising in electronic media, newspapers and magazines, displays at shows and field-days, designing and producing banners, creation and distribution of flyers and brochures, production and distribution of the Digest, overseas promotion, conducting assessment/handling schools, etc.

In 2017-2018 we increased the amount spent on electronic media such as Beef Central and Farm-OnLine websites. We have continued to use Facebook as a means of informing supporters who use social media for their communication. The Society website which was upgraded last year continues to attract a lot of traffic.

We created an advertising campaign for radio which was broadcast on 7 regional radio stations across country Queensland in the months leading up to the spring bull sales.

We also committed significant promotional funds to a television campaign on Imparja leading up to Beef 2018, which was then switched to WIN TV in Rockhampton during Beef 2018, in order to capture the attention of the thousands of people who were in Rockhampton attending Beef 2018.

The Droughtmaster Digest magazine remains a vital promotion and marketing tool for our breed with each of the 3 editions during the year being mailed to more than 4,300 Droughtmaster breeders throughout Australia and overseas. Maintaining a regular and consistent presence in rural media is the cornerstone of our marketing strategy.

Since the introduction in 2013 of Droughtmaster E-News as our communication method with Members, we have saved more than \$60,000 in printing and postage costs. Having this electronic communication also allows us to communicate with members in a more timely fashion. We can quickly and easily target our communication at a selected group of people on our email list. A small number of Members who do not have internet access continue to receive their communication via post.

Our involvement in the joint Research Project with the Brahman and the Santa breeds, continues to generate feedlot performance data and carcass data which are linked to DNA markers, which will provide breeders with the opportunity in the future to use DNA as a selection tool in the future. Thanks to financial support from MLA and fortuitous timing when purchasing and when selling the steers, the collection of data and the collation with the DNA markers has been achieved at no cost to the Society and its Members. To date this project has seen data collected from 312 Droughtmaster steers (with pedigrees) and currently there are a further 276 steers on agistment or in feedlots. This project is run in conjunction with the North Australian Female Fertility Project which is collating DNA markers with female fertility traits in Droughtmaster, Brahman and Santa females.

Our staff have continued to work tirelessly to provide outstanding service for Members throughout the year. We have been blessed to have the same 4 staff on the team for 5 years now, which provides stability and ensures efficient time management. Office Manager, Samantha Horridge continues to manage operations in an efficient and effective manner, utilising the skills, experience and enthusiasm of our exceptional team which includes Carmel Bell as Registrar, Toni Franklin as Accounts Officer and Leigh Eleison as part-time Administrative Assistant. The Members are very fortunate to have such a great team at the Society's Headquarters and I thank the staff sincerely for their contribution and the extra effort they make every day on behalf of the Members.

A big thanks to thank all the Members who volunteer their time and skills towards our various committees - your contribution is greatly appreciated. Special thanks also to the Members who attend shows, field days and other Droughtmaster events as exhibitors - without your efforts, our promotional impact would be less effective.

Whilst we have had no major breed sponsors this year, we have had a multitude of event sponsors who are too numerous to mention, but thank you one and all. Your financial support has made our events more successful and in some cases would not have been possible without your support.

To all Directors, thank you for volunteering your time, as well as your efforts in what is often a thankless role, but a vitally important one. To those Directors who are not continuing in their roles, I thank you especially and wish you well for the future.

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

Neil Donaldson
Chief Executive Officer

The Society has conducted its regular business of providing traditional services to the Members and promoting the breed both domestically and internationally, whilst operating at a profit during the 2017/2018 Financial Year.

The Society's bottom line Nett Profit was \$163,847.

The "Core Business" generated a profit of \$35,002.

The "Non-Operating" income and expenses (including the sale of research steers and Export Market Development Grants) produced a nett income of \$128,845.

Through prudent management, our "core business" continues to be profitable and the Society's profitability is not reliant on financial benefits from the sale of Research Steers and/or Export Market Development Grants, as has been the case with a number of other breed Societies recently.

The 2017-2018 Balance Sheet clearly demonstrates the Society is in a very strong and stable financial position. The Society has unencumbered ownership of the office building in Ipswich, plus cash at hand of approximately \$375,000 and Research Steers valued at \$202,809 (based on their purchase price).

The independently audited 2017-2018 Financial Statement, report the Society's Nett Assets as \$1,179,376.

During 2017-2018, the Society's primary sources of income all produced increases:

- Income from Inventory Fees was up \$42,659 (+10.8%)
- Income from Membership Fees was up \$7,075 (+5.8%)
- Interest Received was up \$4,253 (+60%)

While the overall operating expenses increased marginally, the majority of the increased income was spent on generic promotion of the breed.

Promotional Expenditure totalled \$219,118, an increase of 34% (\$55,282) year on year.

The main increases were:

- o Television & Radio + \$29,000
- o Signage and Banners + \$2,400
- o Website + \$1,400
- o Schools + \$2,200
- o Shows + \$1,000
- o Field Days + \$1,000
- o General Media Advertising + \$13,000

Income from Members' Promotion Levies totalled \$154,481 compared with the total Promotional Expenditure of \$219,118, so once again all of the Members' contribution to promotion (through Promotional Levies) was spent on promotion.

"Other Income" which is listed in the Financial Statement as totalling \$55,322, is NOT income from Promotional Levies - it is made up of income from sources such as: Digest Advertising; Members Directory Advertising; Cataloguing Fees (Private Sales); Breedplan; Merchandise Sales; Field Days; Shows; Schools; In House Ad Design; etc.

As with all organisations, expenses beyond our control (eg postage, electricity, rates, etc) continue to increase the cost of doing business, so the staff and management are constantly reviewing operations looking for alternative ways of doing things so we can minimise the impact of increases beyond our control.

FINANCIAL REPORT

In summary, the 2017-2018 Financial Year has been a pivotal year for the Society, with increases in both Membership and Female Registrations after both these major income streams had initially receded about 4 years ago and started to plateau in the last couple of years.

This turn-around has allowed the Society to increase promotional expenditure (by 34%) whilst still returning a healthy profit of \$35,002 from its "core business"

If the current increases in Membership and Female Registrations continue (and there are no indicators to the contrary at this point in time), the Society's financial future appears to be on solid ground.

Neil Donaldson
Chief Executive Officer

SOUTH EAST ZONE REPORT

As I'm writing this there's a lovely sound of rain on the roof and I am hoping and praying that everyone receives worthwhile falls.

I am proud to represent the South East Zone, part of a large membership of an ever growing breed. Almost every month I receive emails from Carmel notifying me of new Stud members with 3 joining just this week. I am constantly hearing positives about our breed from home and abroad.

ZONE MEETINGS - Thank you to the hosts of our meetings - we appreciate your hospitality.

Saturday the 4th of November, over 30 members attended a Zone Meeting at PARKLANDS DROUGHTMASTERS where the Paulger Family displayed a quality line of Droughtmasters and a scrumptious lunch. The good thing about attending meetings is not only getting to know friends with a similar interest but also learning from each other.

December we enjoyed a Christmas Party at the Maleny Hotel where 40 members enjoyed great company and food.

February Zone meeting at GRANDVIEW DROUGHTMASTER STUD, Boonah, saw over 40 members attend, starting off with smoko then leading into a presentation on nutrition by Hein Pretorius, Territory Manager of Ridleys. The meeting was followed by a lovely lunch provided by Greg & Dianne.

SALES: It is pleasing to see the quality of cattle presented by our zone members at the DN. Bull Sale and February All Breeds Bull Sale which (apart from a used sire) was topped by a Droughtmaster.

The Annual National Female Sale held at Gympie saw 130 females average \$3240 topping twice at \$11,000. Congratulations to all vendors and thank you to the hard working sale committee.

SHOWS - our zone members are very active in their local shows with the Droughtmaster often the dominant breed. Hats off to all participants that promote our breed.

The EKKA, as always was another great showing of our breed with many of our zone members showcasing their Droughties.

GATTON FUTURITY - A near record showing of quality young Droughtmasters representing 45 studs continues with the hard work of Val Evans and her committee.

BEEF 2018: The South East Zone was very well represented with many taking home well deserved Ribbons. Congratulations to south-east zone members, Nick & Sarah Hughes, owners of Farogan Valley Aura which took the Grand Champion Female Trophy. There were over 200 Droughtmasters on Show and being part of it was a wonderful experience. A great deal of time & money went into setting up displays and keeping the cattle stalls clean & tidy with everybody working together to showcase Droughtmasters to the world. Positive comments about the breed received from international visitors and other breeds are extremely encouraging. A Big THANK YOU to all who were involved in making BEEF 2018 a great success.

It has been a pleasure to be the South-East Zone Director for the past 3 years. I feel it is time for me to hand over the reins to another to take our breed and zone to the next level.

I thank you for your support during my term.

Brian Heck
South East Zone Director

Well another year has passed for the Droughtmaster Society and up here in sunny Far North Queensland we have had another year with below average rainfall, but there was a few weeks of heavy rain that did fill the dam, but most producers got through the year. The only problem is winter has come early with some of us already getting frost, which is not good this early.

On the other side, cattle prices have remained reasonable but are heading downward again which is disappointing. By all reports bull and heifer demand and sales have been good after our female sale in January was also very successful. My thanks and appreciation go out to all that have supported the sale in the past and every effort will be put into making it a success again in January 2019. Please support if you can.

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

It was great to see the Droughtmaster cattle perform well on the Far Northern Show circuit this year with several Supreme exhibits, champion bulls and champion females. It was an excellent display of the Droughtmaster breed and a big thanks to all those studs who made the effort, and as one very respected judge said these Droughtmaster cattle would stand up well in any show in Australia.

It was also great to see Far North Queensland studs parading at Beef 2018 with a great line up of cattle - thank you to those people who made the effort.

The passing of my wife Jenny was an extremely sad moment, but a big thanks to all those people for their kind thoughts and offers of help - it was greatly appreciated by all of us.

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

Jeff Williams
Far Northern Zone Director

It has been a privilege to represent the Far Southern Zone on the Board of the Droughtmaster Society.

It is not something to be taken for granted nor can you assume that you only need to follow the lead, tick boxes or sign on the line.

The Droughtmaster breed has the respect of commercial breeders and the numbers are healthy as a whole.

In the Far Southern Zone, we have met at least once a year and tried to involve as many members and supporters in our promotion and sale events.

For the first time in a while, we did not take up a display site at the Primex Field Days, however that will change as people step up to support the event where time permits.

West of the range Agquip has progressed from strength to strength. Again, it is only possible where people can commit time and support with the personal input and visual promotion essential!

It has to be said our breed commands a healthy respect, but it is hard yakka to attain the market momentum of the 'BLACK' cattle in the south.

There is no doubt the "cost effectiveness" of the Droughtmaster doesn't receive the acknowledgement it deserves - our cattle meet market specifications with an economical benefit and ease of management.

Good work is being done in the BIN Project that we are a part of in the north and a lot more needs to follow. We know the benefit of the breed, however we need the real data to promote to the wider discerning industry.

It was a disappointment not to hold a Droughtmaster sale in NSW this year, particularly for the people involved in running it. Increasingly it is hard to run such events for the love of it - we all need to make a profit for our individual businesses to survive. However, the Grafton sale was supported by loyal commercial breeders and the females have been strongly sought-after. The challenge is to grow an annual bull sale where buyers can reliably know it will definitely be 'happening', rather than maybe. It doesn't happen overnight and it does take a commitment to supply quality sought-after product annually.

The result of no sale in NSW, is more NSW bulls being offered at existing northern sales, which in turn sees an increase in southern buyers heading north to make purchases! Unfortunately, the truth is that you have to promote the "bleeding obvious" for people to recognise what is at their doorstep!

A big thank you to the people employed by the Society - to Neil Donaldson and the office team, your work commitment and loyalty to the breed is appreciated and respected - and your support of the membership is a true asset.

Tim Lloyd
Far Southern Zone Director

It has been a privilege to serve on the Droughtmaster Board as Southern Zone Director. Meetings have been held at Mary's Hotel Conference Room, Dalby, thank you to Kim and Sally Terry, 3D Droughtmasters, Haden who hosted our second meeting. Thank you to those who have offered their properties for future meetings. A warm welcome to new members of the Southern Zone we hope to see you at future meetings and events.

I would like to acknowledge David and Robyn McCabe and Family, Breffni Stud for once again working tirelessly to run the Handling School in Chinchilla last October. This event is being held again on October 13th and 14th 2018 at the Chinchilla Show Grounds.

A successful Roma Tropical Breeds Bull Sale was held as a stand-alone sale without the Brahman's. A subtle name change and new look logo has taken place, the sale now being known as the Roma Droughtmaster Bull Sale. With the hope of an early break in the season we look forward to a positive future.

Conditions had improved marginally for some and better for others however over the last few months things have certainly dried off inland. Cattle prices have been holding given the numbers being yarded.

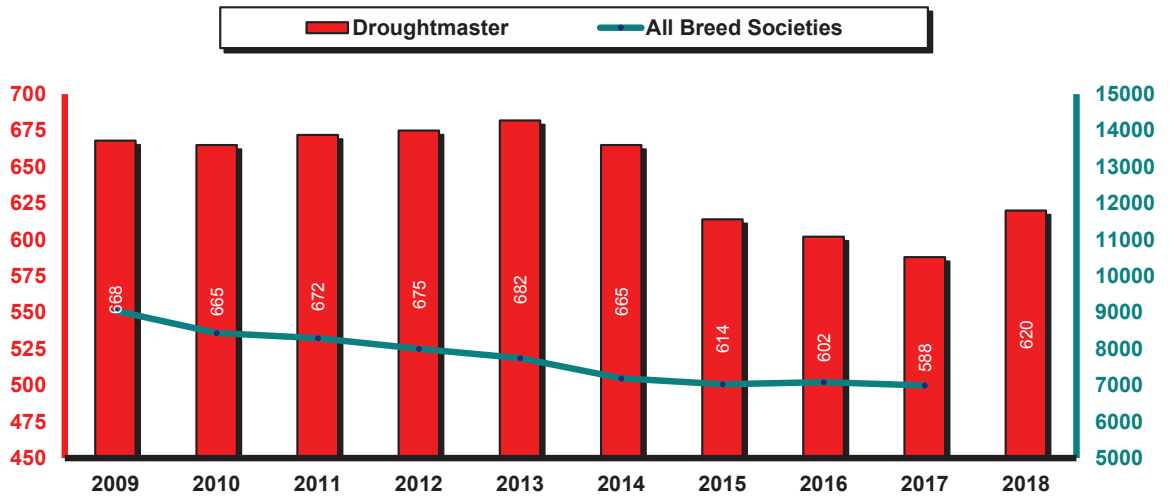
Beef 2018 – a year to be proud, the largest number of Stud Cattle to be exhibited and a huge line-up of Commercial Cattle presented at CQLX. Each and every member benefit in some way large or small with the successes of Commercial and Stud Cattle at Beef tri-annually and annually at the Ekka not forgetting all the smaller shows throughout the year. Thank you to all Stud Masters who work tirelessly having their cattle ready for these events.

The opportunity to be the link between the Board and the Research and Education Foundation has seen the renaming of the Junior Board to the Droughtmaster Next Gen Group, with the assistance of Bronwyn Betts and Justin Bowman. Beef 2018 was an opportunity for the Next Gen to assist in the Droughtmaster Marquee at Beef and chaperone visitors to the Droughtmaster Cattle Sheds. Thank you to all those involved. Bronwyn coordinated and organised a successful auction, "Straws for a Cause" to raise funds for the Foundation.

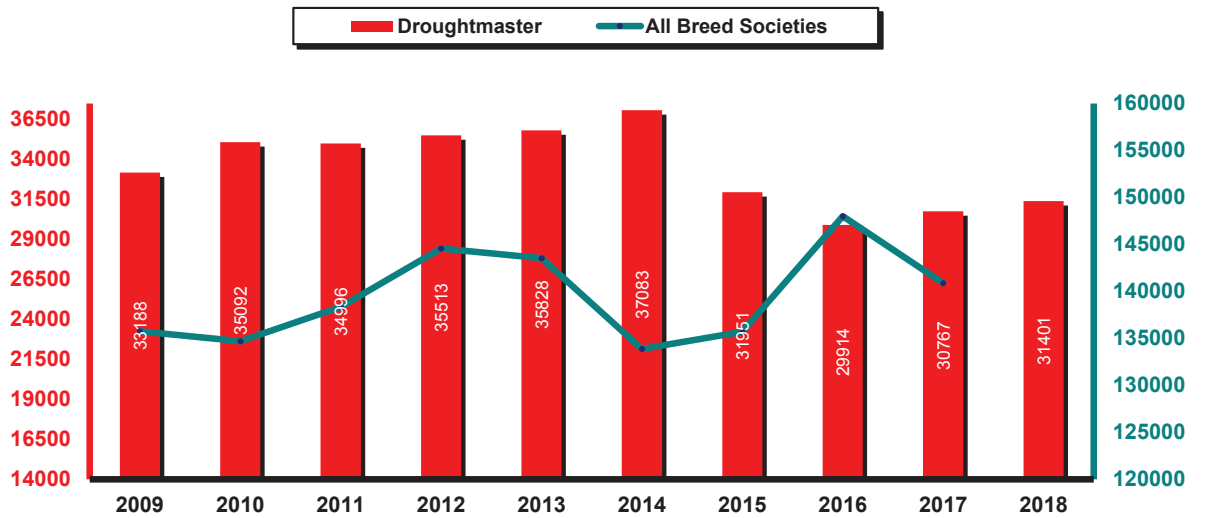
In finishing I would like to take this opportunity to thank my family, fellow Directors, Members and Staff for your support during my first year as a Director.

Sharon Harms
Southern Zone Director

MEMBERSHIP 2009 - 2018



INVENTORY 2009- 2018

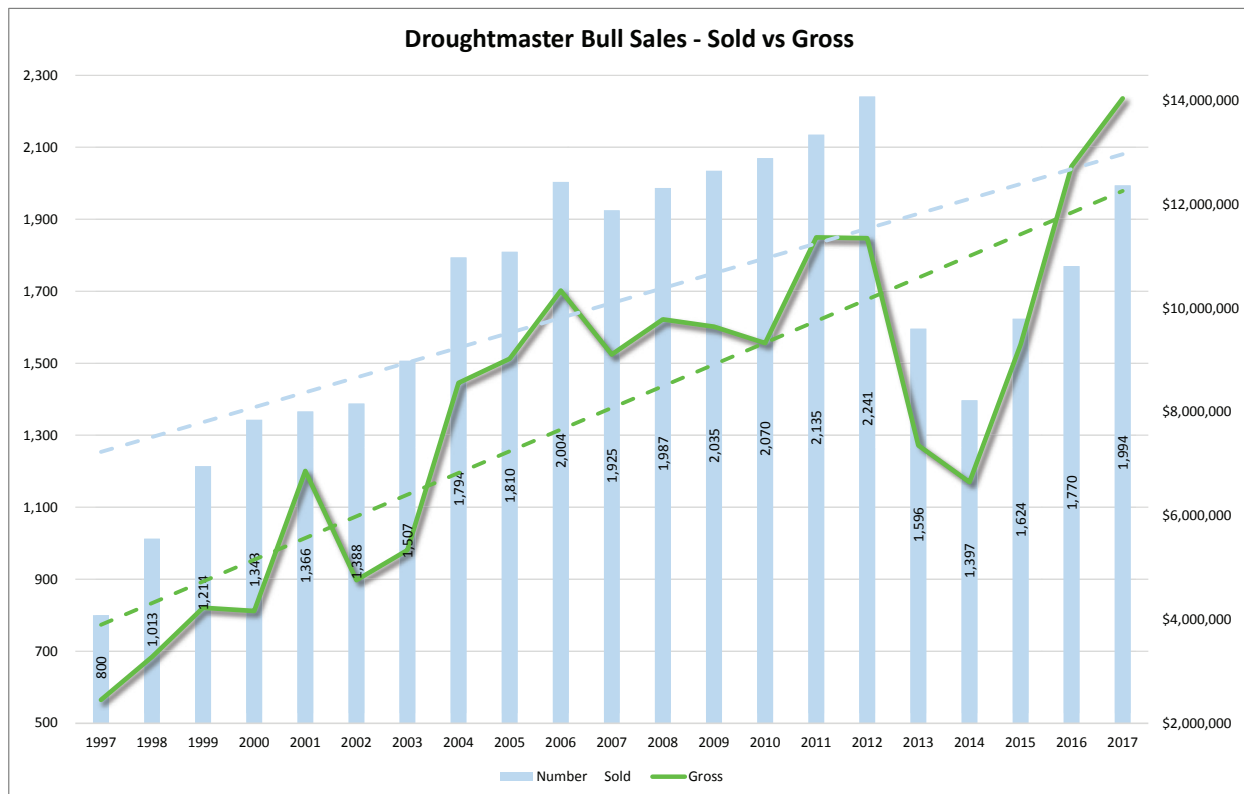


STATISTICS

Droughtmaster Bull Auction Sale Results

Year	Sold	Gross	Top	Average	Clearance
1997	800	\$2,450,000	\$17,000	\$3,065	93%
1998	1,013	\$3,280,790	\$26,000	\$3,239	90%
1999	1,214	\$4,226,250	\$28,000	\$3,481	95%
2000	1,343	\$4,166,800	\$42,000	\$3,103	87%
2001	1,366	\$6,868,061	\$46,000	\$5,028	96%
2002	1,388	\$4,760,000	\$60,000	\$3,549	81%
2003	1,507	\$5,340,090	\$70,000	\$3,544	87%
2004	1,794	\$8,566,190	\$95,000	\$4,775	96%
2005	1,810	\$9,032,350	\$140,000	\$4,990	91%
2006	2,004	\$10,347,076	\$80,000	\$5,163	92%
2007	1,925	\$9,114,558	\$150,000	\$4,735	88%
2008	1,987	\$9,789,304	\$100,000	\$4,927	87%
2009	2,035	\$9,649,150	\$65,000	\$4,820	84%
2010	2,070	\$9,332,998	\$60,000	\$4,509	89%
2011	2,135	\$11,373,734	\$50,000	\$5,327	94%
2012	2,241	\$11,355,119	\$180,000	\$5,067	88%
2013	1,596	\$7,359,743	\$40,000	\$4,611	88%
2014	1,397	\$6,652,199	\$54,000	\$4,762	88%
2015	1,624	\$9,306,000	\$54,000	\$5,730	89%
2016	1,770	\$12,742,952	\$80,000	\$7,199	93%
2017	1,994	\$14,053,723	\$135,000	\$7,580	93%

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



DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2018

Liability limited by a scheme approved under
Professional Standards Legislation

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

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DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 March 2018.
The name of the directors in the office at any time during, or since the end of the year is:

	Meetings Eligible to Attend	Meetings Attended
Steven Pickering	1	1
Jeffrey Williams	4	4
Douglas Miles	4	3
Timothy Lloyd	4	4
Michael Flynn	1	1
Brian Heck	4	4
Kevin Woolcock	4	4
Paul Laycock	4	4
Douglas Birch	4	4
Ken Mutton	3	2
Dean Allen	3	2
Sharon Harm	3	3
Daniel Green (Alternate)	1	1
Darren Childs (Alternate)	1	1

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

DIRECTORS' REPORT

Operating Results

The operating profit before appropriations of the company after providing for income tax amounted to \$35,002.

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

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

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

After Balance Date Events

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

Future Developments

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

Environmental Issues

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

Dividends Paid or Recommended

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

The directors do not recommend the payment of a dividend.

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

Proceedings on Behalf of Company

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

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

Directors' Benefits

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

DIRECTORS' DECLARATION

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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 16 are in accordance with the Corporations Act 2001;
 - (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 March 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director:



Mr Paul Laycock

Director:



Mr Douglas Birch

Dated this day of 9th July 2018

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 \$	2017 \$
INCOME			
Inventory Fees		437,331	394,671
Interest Received		11,384	7,131
Membership Fees		129,920	122,845
Promotional Income – Levies		154,481	150,973
Other Income		55,322	62,230
Sponsored Sales		165,282	131,438
Sundry Income and Donations		3	(3)
Transfer Fees		28,516	28,048
Bad Debts Recovered		0	2,165
TOTAL INCOME		982,239	899,498

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 \$	2017 \$
EXPENDITURE			
Accounting Fees		4,875	4,000
Amortisation – Improvements		6,743	6,742
Auditors Remuneration – Fees		6,000	3,135
Bad Debts		4,958	357
Bank Charges		2,142	1,861
Computer Expenses		2,973	3,753
Data Processing Charges, ABRI		36,196	36,036
Depreciation		17,898	16,695
Electricity		4,534	4,561
Fringe Benefits Tax		1,789	
General Expenses		2,119	7,823
Holiday Pay Provision		(92)	(2,439)
Insurance		10,692	10,777
Legal Costs		2,945	2,810
Long Service Leave Provision		6,466	5,249
Meeting Expenses		52,146	36,684
Motor Vehicle Expenses		7,108	7,857
Permit and Licence Fees		2,382	2,175
Postage		10,579	10,738
Printing & Stationery		15,564	13,091
Promotional expenses		219,118	163,836
Rates		5,084	4,885
Repairs & Maintenance		7,804	7,314
Sponsored Sales		165,282	131,438
Staff Training		0	(1,364)
Staff Expenses		2,013	889
Superannuation		28,989	29,253
Telephone		8,211	10,392
Export Market Development Grant Costs		0	37,331
Tropical Breeds Research		10,971	10,569
Wages		301,748	305,036
TOTAL EXPENSES		<u>947,237</u>	<u>871,484</u>
OPERATING PROFIT		<u>35,002</u>	<u>28,014</u>

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 \$	2017 \$
NON OPERATING INCOME AND EXPENSES			
Bin Research Project – Expenses	9	(48,730)	(49,290)
Nett Amount Recovered from			
Sale of Research Steers		170,216	97,440
Loss on sale of motor vehicle		(2,242)	
Export Market Development Grant	10	29,601	
TOTAL NON OPERATING ITEMS		148,845	48,150
PROFIT BEFORE APPROPRIATIONS		183,847	76,164
Less Amounts Appropriated To			
Provision – Market Development		0	40,000
Provision – Animal Health Management	11	20,000	
NET PROFIT		163,847	36,164
Retained Earnings brought forward		1,015,529	979,365
RETAINED PROFIT ATTRIBUTABLE TO MEMBERS		1,179,376	1,015,529

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		375,224	319,446
Trade and other receivables	2	31,103	29,294
Inventories	4	34,510	35,625
Research BIN Project - Livestock on Hand at cost		202,809	120,024
Prepayments		4,228	3,087
TOTAL CURRENT ASSETS		<u>647,874</u>	<u>507,476</u>
NON-CURRENT ASSETS			
Financial assets	3	12,592	12,160
Property, plant and equipment	5	804,706	803,098
TOTAL NON-CURRENT ASSETS		<u>817,298</u>	<u>815,258</u>
TOTAL ASSETS		<u>1,465,172</u>	<u>1,322,734</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade Creditors and Accruals	6	50,495	43,899
Income Received In Advance	6	14,486	67,496
Provision for Beef Expos		30,324	40,000
Provision Market Development		64,527	64,527
Sales Development Fund		18,142	18,225
Provision for Holiday Pay		31,752	31,844
TOTAL CURRENT LIABILITIES		<u>209,726</u>	<u>265,991</u>
NON-CURRENT LIABILITIES			
Provision for Long Service Leave		51,520	45,054
Provision for Animal Health Management	11	20,000	
TOTAL NON-CURRENT LIABILITIES		<u>71,520</u>	<u>45,054</u>
TOTAL LIABILITIES		<u>281,246</u>	<u>311,045</u>
NET ASSETS		<u>1,183,926</u>	<u>1,011,689</u>
EQUITY			
Reserves	7	(3,408)	(3,840)
Retained earnings attributable to members	8	1,179,376	1,015,529
TOTAL EQUITY		<u>1,175,968</u>	<u>1,011,689</u>

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Retained Earnings	Assets Revaluations Reserve	Total
Balance at 31 March 2014		914,884	(3,520)	911,364
Profit Attributable to members		57,229		57,229
Other Comprehensive Income – Movement in Reserve			(3,712)	(3,712)
Balance at 31 March 2015		972,113	(3,712)	968,401
Profit Attributable to members		7,252		7,252
Other Comprehensive Income – Movement in Reserve			(5,712)	(5,712)
Balance at 31 March 2016		979,365	(5,712)	973,653
Profit Attributable to members		36,164		36,164
Other Comprehensive Income – Movement in Reserve			(3,840)	(3,840)
Balance at 31 March 2017		1,015,529	(3,840)	1,011,689
Profit Attributable to members		163,847		171,805
Other Comprehensive Income – Movement in Reserve			(3,408)	(3,408)
Balance at 31 March 2018		1,179,376	(3,408)	1,183,926

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1 Statement of Significant Accounting Policies

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

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

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

Basis of Preparation

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

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

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

Reporting basis and conventions

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

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Accounting Policies

Income Tax

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

Inventories

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

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

Property, Plant and Equipment

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

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, is depreciated on a straight line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight line method from the date that management determine that the asset is available for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that company becomes party to the contractual provisions of the instrument.

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

Loans and receivables

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

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

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

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

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

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

Available-for-sale financial assets

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

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

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

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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

Available-for-sale financial assets

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

Impairment of Non-Financial Assets

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

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

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

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

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Financial Assets

Recognition

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

Available-for-sale financial assets

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Fair value

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

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

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

Share capital

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

Provisions

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

Cash and Cash Equivalents

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Revenue and Other Income

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

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

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

Sale of goods

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

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Rendering of services

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

Other income

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

Goods and Services Tax (GST)

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

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

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
<hr/>		
2 Trade and Other Receivables		
Current		
Trade Debtors	21,662	25,307
Research Grant 2008	10,000	10,000
Less: Research Grant Funds Expended	(6,713)	(6,713)
GST On Purchases	1,496	700
	<u>26,445</u>	<u>29,294</u>
<p>The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.</p>		
3 Financial Assets		
Non-Current		
Units in Unlisted Public Trust – NAB Securities	<u>12,592</u>	<u>12,160</u>
4 Inventories		
Current		
Merchandise Stock on Hand - at Cost	<u>34,510</u>	<u>35,625</u>
5 Property, Plant and Equipment		
Land and Buildings		
Land and Buildings - at Cost	806,547	806,547
Less Accumulated Depreciation	(64,317)	(57,575)
	<u>742,230</u>	<u>748,972</u>
Total Land and Buildings	<u>742,230</u>	<u>748,972</u>
Plant & Equipment - at Cost	83,820	83,820
Less Accumulated Depreciation	(75,440)	(73,839)
	<u>8,380</u>	<u>9,981</u>
Motor Vehicles - at Cost	50,968	46,503
Less Accumulated Depreciation	(10,612)	(20,560)
	<u>40,356</u>	<u>25,943</u>
Office Equipment - at Cost	<u>11,443</u>	<u>11,194</u>

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
Less Accumulated Depreciation	(9,033)	(8,098)
	<u>2,410</u>	<u>3,096</u>
Software Cost	42,500	42,500
Less Accumulated Depreciation	(33,959)	(31,111)
	<u>8,541</u>	<u>11,389</u>
Website Development	8,055	8,054
Less Accumulated Depreciation	(5,266)	(4,337)
	<u>2,789</u>	<u>3,717</u>
Total Plant and Equipment	<u>62,476</u>	<u>54,126</u>
Total Property, Plant and Equipment	<u>804,706</u>	<u>803,098</u>
6 Trade Creditors & Accruals		
Trade Creditors	42,795	36,199
Accruals	7,700	7,700
	<u>50,495</u>	<u>43,899</u>
Income Received in Advance		
Memberships	14,486	9,636
DN Sales	0	57,860
	<u>14,486</u>	<u>67,496</u>
7 Reserves		
Asset Revaluation Reserve		
Decrease In Market Value against cost – NAB Securities	(3,408)	(3,840)
8 Retained Earnings		
Retained earnings at the beginning of the financial year	1,015,529	979,365
Net profit attributable to members	163,847	36,164
Retained earnings at the end of the financial year	1,179,376	1,015,529

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2018	2017
\$	\$

9 BIN Research Project

During the 2018 Financial year the Society continued with the BIN Research Project, continued from last year in conjunction with the Australian Brahman Breeders' Association and subsidised by the Meat & Livestock Australia (MLA).

This year, as part of the project the Society purchased 3 consignment of steers and sold 3 consignment of steers.

10 Export Market Development Grant

In the 2017 financial year the Society participated in a trade mission to South Africa with a view to increasing the exposure of the breed.

During the current financial year, the Society received an Export Market Development Grant for \$33,615, which was less than the amount applied for and therefore an appeal has been lodged seeking a further grant of \$3,716.

11 Provision for Animal Health Management

A provision has been created to set aside funds to enable the Society to quantify, manage and reduce the incidence of disease in the herds of the Society.

It is intended that the provision will be available to meet abnormal costs such as research, animal testing, documentation and legal costs. The amount appropriated to this Provision is an estimate only and may be increased or decreased by the board in the future.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683


DIRECTORS' DECLARATION


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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 16 are in accordance with the Corporations Act 2001;
 - (a) comply with Australian Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 March 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: 
Mr Paul Laycock

Director: 
Mr Douglas Birch

Dated this day of 9th July 2018

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

Report on the Financial Report

I have audited the accompanying financial report of Droughtmaster Stud Breeders Society Ltd which comprises the statement of financial position as at 31 March 2018 and the statement of comprehensive income and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

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

Independence

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

Auditor's Opinion

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

- (a) giving a true and fair view of the company's financial position as at 31 March 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

Ian Mortley

Name of Auditor:

Ian Mortley

Address:

40 James Street, Burleigh Heads Qld 4220

Dated this day of

9th July 2018

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
INCOME		
Inventory Fees	437,331	394,671
Interest	11,384	7,131
Membership Fees	129,920	122,845
Promotional Income - Levies	154,481	150,973
Other Income	55,322	62,230
Sponsored Sales	165,282	131,438
Sundry Income and Donations	3	(3)
Transfer Fees	28,516	28,048
Bad Debts Recovered	0	2,165
TOTAL INCOME	<u>982,239</u>	<u>899,498</u>

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
EXPENDITURE		
Accounting Fees	4,875	4,000
Amortisation – Improvements	6,743	6,742
Auditors Remuneration - Fees	6,000	3,135
Bad Debts	4,958	357
Bank Charges	2,142	1,861
Computer Expenses	2,973	3,753
Data Processing Charges, ABRI	36,196	36,036
Depreciation	17,898	16,695
Electricity	4,534	4,561
Fringe Benefits Tax	1,789	0
General Expenses	2,119	7,823
Holiday Pay Provision	(92)	(2,439)
Insurance	10,692	10,777
Legal Costs	2,945	2,810
Long Service Leave Provision	6,466	5,249
Meeting Expenses	52,146	36,684
Motor Vehicle Expenses	7,108	7,857
Permit and Licence Fees	2,382	2,175
Postage	10,579	10,738
Printing & Stationery	15,564	13,091
Promotional expenses	219,118	163,836
Rates	5,084	4,885
Repairs & Maintenance	7,804	7,314
Sponsored Sales	165,282	131,438
Staff Training	0	(1,364)
Staff Expenses	2,013	889
Superannuation	28,989	29,253
Telephone	8,211	10,392
Export Market Development Grant Costs	0	37,331
Tropical Breeds Research	10,971	10,569
Wages	301,748	305,036
TOTAL EXPENDITURE	947,237	871,484
OPERATING PROFIT	35,002	28,014

The accompanying notes form part of these financial statements.

DROUGHTMASTER STUD BREEDERS SOCIETY LTD
ABN 19 010 129 683

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
<hr/>		
NON OPERATING INCOME AND EXPENSES		
Bin Research Project – Expenses	(48,730)	(49,290)
Nett Amount Recovered Sale of Research Steers	170,216	97,440
Loss – Sale of Motor Vehicle	(2,242)	
Add Export Market Development Grant	29,601	
Less Amounts Appropriated To		
Provision – Market Development	0	(40,000)
Provision – Animal Health Management	(20,000)	
TOTAL NON OPERATING	128,845	8,150
NET PROFIT	163,847	36,164

The accompanying notes form part of these financial statements.



DROUGHTMASTER

