

# Australian Macadamia Society Ltd

## *Annual Report 2018*



# Mission



The Australian Macadamia Society Limited is established to promote all aspects of the macadamia nut industry; to encourage a free interchange of ideas and information amongst macadamia growers and marketers of macadamia nuts and by-products; and to foster and promote goodwill among members of the Society in furtherance of its objects.





## Australian Macadamia Society

Company Particulars	4
Chair's Report	5
Highlights	7
Awards	9

## Financial Report

Directors' Report	11
Auditor's Independence Declaration	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20
Directors' Declaration	34
Independent Auditor's Report	35
Disclaimer	38
Detailed Profit and Loss Statement	39

Front cover: Jason and Fiona Klotz won the 2017 State of Origin Award for Highest Saleable Kernel (Large Farms).

Inside cover: Industry Development Manager Leoni Kojetin with Scott Norval and Ray Norris at a MacGroup meeting.



Judges and technology food professionals gathered at Byron Bay in April 2018 for the finals of the first ever Macadamia Innovation Challenge. The judges (seated, l to r) Pam Brook, from Brookfarm, Nick Palumbo, from Gelato Messina, food technologist Dr Barry McGookin, and William Peterson, owner of Infinity Bakery were impressed by the calibre of the finalists' entries and their potential.

(l to r) Jolyon Burnett, AMS CEO, Tony O'Mara, Regional Manager (Central Queensland) AustSafe, Dave Harris, Macadamia Farm Management, and Aimee Thomas, grower and AMS Board member, at a field day held in Gympie in October 2017.

# Company Particulars

## Board of Directors AS AT 30 JUNE 2018



Chair  
Richard Doggett  
E: richard.doggett@macadamias.org  
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Larry McHugh  
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Vice Chair  
Michael Waring  
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Trevor Steinhardt  
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Treasurer  
Craig Mills  
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Aimee Thomas  
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Graeme Fleming  
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## Staff AS AT 30 JUNE 2018



Chief Executive Officer  
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Project Support/Memberships Co-ordinator  
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Market Development Manager  
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Industry Development Manager  
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Marketing and Communications Coordinator  
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Communications Manager  
Nyree Epplert (part time)  
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Industry Productivity Support  
(Queensland, part time)  
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Accounts & Office Manager, Company Secretary  
Susan Vallis  
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Administrative Assistant  
Wendy Nye (part-time)  
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## Auditors

Thomas Noble & Russell – 31 Keen St, Lismore NSW 2480

## Solicitors

Quay Legal Group Lawyers – 280 George St, Sydney NSW 2000



**The Board of the Australian Macadamia Society is pleased to provide members and others with the annual report for 2017-18. This has been another big year of activity and achievement for the society as well as of strong yields and good financial returns for growers. We are also continuing to see**

**some of the most significant growth in new plantings ever enjoyed by the industry, obviously reflecting a growing awareness of the underlying strength of the market and a confidence in its prospects.**

The industry has now enjoyed five years of uninterrupted price growth and the clear trend has been upwards since 2007. This has combined with growth in total crop. The average crop for the five years to 2017 was 45,200 t; for the previous five years (2008-2012), it was 34,900 t. This represents almost 30 per cent growth over that period. This is a remarkable achievement and a testament to both our growers and the support provided to them by a wide range of industry stakeholders, including state departments, universities, macadamia processors and industry consultants. Not least among these has been new Industry Development Manager Leoni Kojetin, who has taken on the role with enthusiasm, new ideas and amazing commitment. I hope you all continue to make her welcome and provide whatever support you can.



Leoni Kojetin with Bundaberg grower Geoff Chivers at the March MacGroup meeting. MacGroups are highly regarded information-sharing activities in the industry.

Once again, MacGroups, run by the AMS, have been an outstanding success attracting over 1200 people to the three rounds of meetings across the year. Some new approaches were taken, including breaking up some of

the larger Macgroups into targeted sessions with pest consultants and their growers. The September 2017 field trips in both NSW and Queensland were also well attended with 327 members and industry participants joining AMS staff and host growers in analysing our current practices. We continue to strive to make these industry events as worthwhile as possible and would welcome members' feedback at any time.

Demand remains strong, particularly in the kernel market and macadamias continue to be the favourite nut in many markets on top of being able to ride the wave of global interest in the entire nut category as part of an increasing focus on healthy diets and convenient eating habits. However, the still unresolved tension around the increasingly protectionist trade policies of some countries is making for a nervous trading environment and, despite no direct impacts on Australian macadamias, could potentially dampen the appetite for strong forward orders and new purchase commitments. We can but wait and see where this will end up.



A highlight of the marketing campaign has been the Innovation Challenge.

The Innovation Challenge, an initiative of the Marketing Committee and industry Market Development Manager Lynne Ziehlke, has been one of the highlights of the marketing campaign driving innovation in food manufacturing involving macadamias and bringing wide interest and praise from the food sector around the world.

Pressure on the marketing program is building as the global crop continues to grow and the Australian industry, particularly our levy payers, remain the only ones committed to a well-planned and realistically resourced market development program. This cannot continue and the AMS has driven the establishment of the Global Macadamia Council, under the auspices of the International Nut & Dried Fruits Council (INC), to act as a mechanism to foster greater international funding and collaboration on demand stimulation. The time is fast approaching when the industry will need to look seriously and strategically at

the level of resources we allocate to marketing and the way in which these funds are collected and managed.

The AMS continues to work with Hort Innovation to try and ensure that macadamia levy payers funds are well managed and invested in an efficient and effective way to provide meaningful return to growers. While the independent mid-term review of Hort Innovation's performance found that much had improved since the transition from Horticulture Australia Limited, surveys of members and key stakeholders made it clear that there is a serious lack of effective communication between Hort Innovation and levy payers and their representative bodies and that there is an urgent need for the development of practical and meaningful partnerships and cooperation agreements with participating industries. As always, the AMS remains committed to working closely and cooperatively with Hort Innovation to deliver real results for levy payers and we look forward to assisting with the roll out of the relevant mid-term review recommendations.

The Board and staff of the AMS have once again delivered a strong financial result for members. The total net surplus for the year was \$99,428, down on last year but without the benefit of conference income. This result increases members' equity to \$950,757 and puts the AMS in a very sound position. Thanks to Susan Vallis, AMS Accounts and Office Manager, for her sterling efforts in maintaining the society's financial records and ensuring timely reporting.

A little over half of this surplus was generated by the Macadamia Conservation Trust. The continuing growth in donations and other support for the work of the trust is of particular pride to me and is a great reflection on the commitment of our members and the industry to conserving the wild germplasm of the four macadamia species and protecting this incredibly valuable resource for future generations.

Membership continues to grow, hopefully reflecting the hard work and achievements of the AMS in supporting members and the industry. Membership grew to a total of 779 with most of the growth coming from existing members signing up additional staff and contacts to access the benefits of belonging. While no-one is entirely sure of the total number of growers in the industry, we are confident that this gives the AMS one of the most comprehensive levels of industry participation of any horticultural representative body. We acknowledge the excellent efforts of Tamara Hepburn, AMS Administrative Assistant and Membership Officer, and Communications Manager Nyree Epplert, both of whom have both worked hard through the year to ensure that our members receive prompt service and high quality communications.



*Macadamia Conservation Trust members Ilan McConachie, Liz Gould and Richard Harding with leaf samples collected from a wild macadamia tree at Kedron Brook in Brisbane. The continuing support from industry for MCT reflects a great commitment to conserving the wild germplasm of macadamia species.*

We are fortunate to have a very capable, professional and stable staff at the AMS. Our CEO, Jolyon Burnett will clock up 10 years with the AMS shortly after the end of this financial year and Lynne Ziehlke will soon celebrate nine years with the industry. As mentioned above we were very fortunate to attract Leoni Kojetin to the position of Industry Development Manager and she is doing an outstanding job. Wendy Nye, who many will know from reception and her great work on the kernel laboratory accreditation scheme, has left to pursue opportunities in the travel world. We welcome Melissa Lovejoy to the team and look forward to working with Melissa for some time to come.

As always I would like to thank my fellow board members for their hard work and dedication to the industry and the best interests of members over the last year. Aimee Thomas, elected at the 2017 AGM has already made a great contribution with fresh ideas and enthusiasm and her insightful questions are making the board review many accepted positions. This relative stability on the board has served directors well. While Larry McHugh and I are up for re-election this AGM, I am confident that whoever is elected by members, the board will remain effective and focussed.

Finally, again as is my tradition, I would like to thank you, the members of the AMS. You are not only the reason for the society's existence, but your continuing membership, support and encouragement make it all worthwhile.

**Richard Doggett**  
AMS Chair

# Highlights



## Macadamias valuable regional crop

With increased plantings in Australia and improving productivity, macadamias continue to grow in value, both as an export crop and for regional economies. Macadamias were the fourth most valuable horticultural export crop in Australia in 2017-18, after almonds, citrus and table grapes. Their contribution to regional economies is also significant with macadamias being the fourth most valuable agricultural commodity in the Bundaberg region and the most valuable agricultural commodity in the Northern Rivers of New South Wales.



## New website

In keeping with the commitment of the AMS to provide up-to-date, practical, high quality information about macadamias, the website was redesigned, going live in mid-2018. As part of the redesign, content was reorganised and layout improved based on feedback from and consultation with members and other users.



## Innovation Challenge

In October 2017, the Australian Macadamia Innovation Challenge was launched, marking the first major stage of the industry's three-year international marketing strategy. The main aim of the strategy is to drive steady growth in global demand in anticipation of increased supply coming onto the market.

A key target of the strategy is the food manufacturing sector, which is being encouraged to continue product innovation using macadamias. Over two years, food professionals will be invited to submit innovative ideas to inspire packaged food development using macadamias. The winners for the first year were announced in April 2018: Macadamia Mind Food Bars (Adeline Wong), Macadamia and Miso Caramel Cookies (Kinga Wojciechowski) and Macci Ice-Cream (Ashna Gobin and Leonardo Bohorquez). The challenge is looking forward to more great ideas for packaged products using macadamias this year and next.

## Consumer campaign's global success

A key aspect of the marketing and communications programs managed by the AMS is to promote positive news about macadamias globally. Using a variety of innovative messages and communications platforms, the marketing program has reached millions of people around the world and opened the door to the benefits of consuming our own native nut. Underpinning these programs is considerable consumer research. Successful activities have included a promotion in Taiwan of Australian macadamias as an ideal Father's Day gift, promotion in Chania and Japan of summer recipes incorporating macadamias, showcasing flowering in orchards, and promoting a macadamia praline recipe on the German Facebook page to encourage snacking on macadamias at Oktoberfest.

## 2018 crop outperforms forecast

After a record crop in 2016 of 52,000 t in-shell at 10% moisture, the Australian



macadamia crop was forecast to almost equal this performance in 2018 with predictions of 51,000 t in-shell at 10% moisture (47,500 t in-shell at 3.5% moisture). This is slightly higher than original expectations of 44,500 t @ 3.5%.

While favourable harvest conditions and minimal interruption by rain have contributed to this figure, significant investment made by Australian growers into soil and tree health and overall orchard improvement over the last five years is also paying dividends and resulting in higher yields. As well, some of the industry's new plantings are now starting to contribute to the Australian crop.



## Biggest year ever for MacGroups

In a few short years, MacGroups have become one of the most highly rated information-sharing activities organised by the AMS. Along with field days, usually held on growers' farms, MacGroups are important and popular extension vehicles for sharing new ideas, research and information about the macadamia industry. They are also a great way for growers to meet, get to know each other and swap practical ideas about orchard management.

A total of 1226 growers and industry representatives attended three rounds of MacGroups held in all major growing regions during the year. Topics covered included integrated pest and disease management, marketing updates, orchard management technologies and R&D projects. As well, 327 people attended



*Another successful consultants meeting, organised by AMS, was held in June this year. The focus of the meeting was integrated pest and disease management.*



*Growers rank MacGroups and field days as key information sharing activities in the macadamia industry. In this photo Dr John Wilkie from QDAF updates growers about the Small Tree - High Productivity Initiative.*

field trips in the Northern Rivers and Queensland in September 2017.

## Annual Consultants Meeting: a sustainable future through IPDM

The annual Consultants Meeting has grown into a highly successful and well-attended two-day forum where industry consultants meet and collaborate and share information and experiences to do with the challenges of macadamia production.

Caloundra was the venue for this year's meeting, which focused on integrated pest and disease management (IPDM). Attendees had the opportunity to discuss strategies for impending regulatory changes to registered chemistry in the industry as a way for identifying ways to help growers develop their own farm-specific IPDM blueprint.

## Spray coverage expert shares knowledge

In 2017, the AMS contracted Jorg Kitt, nationally recognised spray coverage expert, to present at the IPDM-focused round of MacGroups in July. Funds to do this were obtained through the macadamia levy funded Hort Innovation project MC15004.

Coverage is recognised as a key issue in the industry, especially as trees are getting older and taller. Jorg Kitt dispelled some commonly held myths about spray coverage. He also explained the key issues for ensuring effective coverage every time and provided explanations for calculating the correct amount of product to apply.



*Jorg Kitt gives growers the good oil on effective coverage.*



The winners of the Australian Macadamia Society's State of Origin awards for the 2017 season were announced at the July 2018 MacGroup meetings.

Finalists in the awards were shortlisted by the Benchmarking Team using yield and quality data collected by the project between 2009 and 2017. To be eligible for the State of Origin awards growers needed to be participating in the industry benchmarking during the 2017 season.

The awards were separated into small and large farms. Small farms were classed as producing up to 70 t total NIS @10 per cent moisture content and large farms as producing greater than 70 t total NIS @10 per cent moisture content.

The awards were in three categories:

1. **Kilograms of saleable kernel per hectare (highest in 2017)** - five highest from each state (small and large farms)
2. **Kilograms of reject kernel per ha for those producing greater than 3t NIS/ha (lowest in 2017)** - five lowest from each state (small and large farms)
3. **Lowest reject kernel recovery (RKR) for those producing greater than 3t NIS/ha (lowest 2017) (small and large farms)**

## 2017 State of Origin Award winners

### Highest Saleable Kernel (Small Farms)

– Geoff Beauchamp at 1.98 SKR/ha

### Highest Saleable Kernel (Large Farms)

– Jason and Fiona Klotz (Red Rock Macadamias) at 1.76 SKR/ha

### Lowest Reject Kernel %/ha (Small Farms)

– Bruce and Pam Lilly at 0.62% RKR/ha

### Lowest Reject Kernel %/ha (Large Farms)

– Garry and Andrea Sheppard (Ozmac) at 0.78 RKR/ha

### Lowest Reject Kernel kg/ha (Small Farms)

– Bruce and Pam Lilly at 20.21 kg RKR/ha

### Lowest Reject Kernel kg/ha (Large Farms)

– Macadamia Farm Management (Cambewarra) at 29.66 kg RKR/ha

### Most Consistent NSW Orchard Over 5 Seasons

– Peter Fraser at 1.72 SKR/ha 2013 to 2107

### Most Consistent Queensland Orchard Over 5 Seasons

– Garry and Andrea Sheppard (Ozmac) at 1.59 SKR/ha 2013 to 2107

Two new award categories were introduced for 2017 – Most Consistent NSW Orchard Over Five Seasons and Most Consistent Queensland Orchard Over Five Seasons. Congratulations to NSW winner, Peter Fraser, and Queensland winners, Garry and Andrea Sheppard.



# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

Directors' Report	11
Auditor's Independence Declaration	15
Consolidate Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20
Directors' Declaration	34
Independent Auditor's Report	35
Disclaimer	38
Detailed Profit and Loss Statement	39

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018



The directors present their report, together with the consolidated financial statements of the Group, being Australian Macadamia Society Limited ("the Company") and its controlled entities, for the financial year ended 30 June 2018.

## Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Aimee Thomas	Appointed 25 October 2017
Qualifications	Bachelor of Education, Certificate in Nutrition Farming
Experience	Macadamia grower Extensive experience in agricultural business development and operations
Special responsibilities	Director
Craig Mills	Appointed 19 October 2016
Qualifications	Bachelor of Business (Marketing) and Masters of Business Administration Graduated from Hawkesbury Agricultural College with a major in Food Science
Experience	Macadamia grower CEO in agricultural-based businesses for more than 15 years Extensive career in food manufacturing and marketing Demonstrated success in strategic planning, international business development (predominantly in Asia), entrepreneurship and transformational change Fellow of Institute of Company Directors
Special responsibilities	Director, Treasurer
Graeme Fleming	Appointed 22 January 2015
Qualifications	Diploma Production Engineering
Experience	Consulting and management of macadamia farms 30 years Co-founder/previous executive director of a macadamia processor Agricultural director, macadamia processor Macadamia grower 27 years Involvement in Landcare projects Member of industry reference and grower trial groups
Special responsibilities	Director
Lawrence "Larry" McHugh	Appointed 28 November 2012
Qualifications	Bachelor of Mechanical Engineering
Experience	Macadamia factory design, management and kernel marketing since 1992 Member, macadamia industry marketing committee
Special responsibilities	Director

## Information on directors (continued)

Michael Waring	Appointed 7 November 2013
Experience	Macadamia processor/handler and grower Active participant in domestic and international food and trade organisations Member, macadamia industry marketing committee 30 years marketing, sales, processing and procurement all nuts, dried fruit, coconut Founding member, Management Committee of Nuts for Life Australia Deputy Chairman, Member of Board Trustees and Member of Executive Committee of International Nut and Dried Fruit Foundation (Council) INC Deputy Chairman, Australian Cashew Association Member, Australian Institute of Company Directors
Special responsibilities	Deputy Chair, Director
Richard Doggett	Appointed 10 November 2010
Qualifications	Graduate, Australian Institute of Company Directors
Experience	Macadamia grower, Bexhill NSW Member, Australian Institute of Company Directors International and domestic business development, marketing and strategic alliances
Special responsibilities	Chair, Director
Sandra Lindstrom	Appointed 3 March 2015; Resigned 25 October 2017
Qualifications	Bachelor of Commerce (Accounting); Diploma in Agribusiness
Experience	Member, Australian Institute of Company Directors Forestry small business, finance manager, macadamia grower
Special responsibilities	Director, Company secretary, Treasurer (from 19 March 2016)
Trevor Steinhardt	Appointed 31 October 2008
Experience	Macadamia grower and marketer Over 30 years experience in the horticulture industry, sales, marketing and distribution Former Board member, Bundaberg Fruit and Vegetable Growers Association and Melbourne Tomato Committee Member, macadamia industry marketing committee
Special responsibilities	Director

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

## Company secretary

Susan Vallis held the position of Company Secretary at the end of the financial year. Susan has held this position since 26 October 2017.

## Principal activities

The principal activities of the Group during the financial year were the development and promotion of the Macadamia nut industry.

No significant change in the nature of these activities occurred during the year.

## Strategy for achieving the objectives

The Company expects continued growth in membership and activities as global demand and strong prices for macadamias drive continued industry development. Greater engagement with commercial entities in Australia and with industry bodies internationally is envisaged.

The Company remains dependent on grants through Horticulture Innovation Australia Ltd to fund much of the marketing and industry development activities it undertakes. Opportunities for the Company to identify alternative partners in R&D and marketing will be pursued.

The overall purpose of the Company remains to contribute to the improvement of the profitability and sustainability of members and to develop the industry through:

- Promoting the industry in Australia and internationally;
- Fostering an operating environment favourable to macadamia production and value adding;
- Increasing industry engagement with and ownership of R&D and marketing; and
- Building membership and diversifying income sources.

## Members guarantee

Australian Macadamia Society Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10 for all members, subject to the provisions of the Company's constitution.

Membership Class	Number of Members	Individual Members Contribution on Winding Up of Company \$	Total Members Contribution on Winding up of Company \$
Class A1 members	468	10	4,680
Class A2 members	29	10	290
Class A3 members	7	10	70
Class A4 members	1	10	10
Class A6 life members	7	-	-
Class B1 members	76	10	760
Class B2 members	11	10	110
Class B3 members	15	10	150
Class B4 members	2	10	20
Class C1 student members	2	10	20
Class C2 overseas members	12	10	120
Class C3 individual members	14	10	140
Class C4 organisation members	2	10	20
Additional financial contracts (sub members)	133	-	-
<b>Total</b>	<b>779</b>		<b>6,390</b>

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018

## Meetings of directors

During the financial year, 5 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Richard Doggett  
Graeme Fleming  
Sandra Lindstrom  
Trevor Steinhardt  
Michael Waring  
Lawrence "Larry" McHugh  
Craig Mills  
Aimee Thomas

Directors' Meetings	
Number eligible to attend	Number attended
5	4
5	5
2	2
5	5
5	4
5	5
5	4
3	2

## Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2018 has been received and can be found on page 15 of the consolidated financial report.

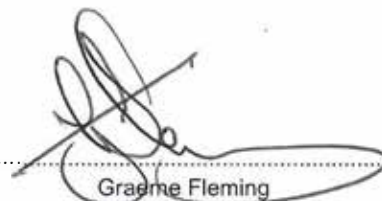
Signed in accordance with a resolution of the Board of Directors:

Chairman: .....



Richard Doggett

Director: .....



Graeme Fleming

Dated this 12th day of September 2018



## AUDITOR'S INDEPENDENCE DECLARATION


As lead auditor for the audit of the consolidated financial report of Australian Macadamia Society Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Australian Macadamia Society Limited and the entities it controlled during the period.

Dated at Lismore this 12th day of September 2018.

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**



.....  
K R FRANEY (Partner)  
Registered Company Auditor

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Thomas Noble & Russell is a member of  International A world-wide organization of accounting firms and business advisers

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018



		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	4	<b>1,509,491</b>	1,984,088
Administration and management fees		<b>(144,039)</b>	(140,646)
Project expenses	5	<b>(367,366)</b>	(428,212)
Occupancy expenses		<b>(65,067)</b>	(65,579)
Employee benefits expense		<b>(773,586)</b>	(770,250)
Depreciation and amortisation expense	5	<b>(10,943)</b>	(10,594)
Conference expenses		-	(383,260)
Other expenses		<b>(49,062)</b>	(60,438)
<b>Profit/(loss) before income tax</b>		<b>99,428</b>	125,109
Income tax expense	2(b)	-	-
<b>Net profit/(loss) for the year</b>		<b>99,428</b>	125,109
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>		-	-
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Foreign currency translation	15	-	2,469
<b>Other comprehensive income for the year, net of tax</b>		-	2,469
<b>Total comprehensive income for the year</b>		<b>99,428</b>	127,578

*The accompanying notes form part of these financial statements.*



# Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2018



	2018	2017
Note	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6 1,352,617	1,380,431
Trade and other receivables	7 178,201	115,783
Inventories	8 5,790	4,735
Other assets	9 187,242	10,807
<b>TOTAL CURRENT ASSETS</b>	<b>1,723,850</b>	<b>1,511,756</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	10 18,572	23,499
Intangible assets	11 44,824	7,498
<b>TOTAL NON-CURRENT ASSETS</b>	<b>63,396</b>	<b>30,997</b>
<b>TOTAL ASSETS</b>	<b>1,787,246</b>	<b>1,542,753</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12 208,602	109,196
Employee benefits	13 84,597	68,126
Other liabilities	14 512,743	460,740
<b>TOTAL CURRENT LIABILITIES</b>	<b>805,942</b>	<b>638,062</b>
<b>NON-CURRENT LIABILITIES</b>		
Employee benefits	13 30,547	53,362
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>30,547</b>	<b>53,362</b>
<b>TOTAL LIABILITIES</b>	<b>836,489</b>	<b>691,424</b>
<b>NET ASSETS</b>	<b>950,757</b>	<b>851,329</b>
<b>EQUITY</b>		
Retained earnings	950,757	851,329
<b>TOTAL EQUITY</b>	<b>950,757</b>	<b>851,329</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018



## 2018

	Retained Earnings	Foreign Currency Translation Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>851,329</b>	-	<b>851,329</b>
Net profit/(loss) for the year	99,428	-	99,428
<b>Balance at 30 June 2018</b>	<b>950,757</b>	-	<b>950,757</b>

## 2017

	Retained Earnings	Foreign Currency Translation Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2016</b>	682,198	(2,469)	679,729
Recognition of Macadamia Conservation Trust	44,022	-	44,022
Net profit/(loss) for the year	125,109	-	125,109
Other comprehensive income for the year, net of tax	-	2,469	2,469
<b>Balance at 30 June 2017</b>	<b>851,329</b>	-	<b>851,329</b>

*The accompanying notes form part of these financial statements.*

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018



	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,338,596	1,704,885
Payments to suppliers and employees	(1,322,818)	(1,883,540)
Interest received	9,499	9,973
<b>Net cash provided by/(used in) operating activities</b>	<b>25,277</b>	<b>(168,682)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of plant and equipment	(4,591)	(11,939)
Purchase of intangible assets	(48,500)	(7,498)
Cash assets recognised on control of Macadamia Conservation Trust	2(a) -	49,507
<b>Net cash used by investing activities</b>	<b>(53,091)</b>	<b>30,070</b>
Net increase/(decrease) in cash and cash equivalents held	(27,814)	(138,612)
Cash and cash equivalents at beginning of year	1,380,431	1,519,043
<b>Cash and cash equivalents at end of financial year</b>	<b>6(a) 1,352,617</b>	<b>1,380,431</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



The consolidated financial report covers Australian Macadamia Society Limited and its controlled entity ('the Group'). Australian Macadamia Society Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 12 September 2018.

Comparatives are consistent with prior years, unless otherwise stated.

## 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*, as appropriate for not-for-profit oriented entities.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

## 2 Summary of Significant Accounting Policies

### (a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 17 to the financial statements.

#### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

#### *Recognition of control of Macadamia Conservation Trust*

The Directors have identified that the Australian Macadamia Society Limited controls the Macadamia Conservation Trust (MCT). This requires consolidated financial reports to be prepared. The Directors introduced consolidated financial reporting during the 2017 financial year.

## 2 Summary of Significant Accounting Policies (continued)

### (b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

### (c) Revenue and other income

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

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

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

#### 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.

#### Grant revenue

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

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

#### Interest revenue

Interest is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

#### Subscriptions

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

### (d) 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.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

## 2 Summary of Significant Accounting Policies (continued)

### (e) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current asset. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

### (f) 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.

### (g) Property, plant and equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

#### Depreciation

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

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	15 - 25%
Furniture, Fixtures and Fittings	7.5% - 10%
Computer Equipment	15 - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the consolidated statement of profit or loss and other comprehensive income.

## 2 Summary of Significant Accounting Policies (continued)

### (h) Intangibles

#### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. The amortisation rate is 25% calculated on a straight line basis.

### (i) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of impairment for its non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, 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.

### (j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## 2 Summary of Significant Accounting Policies (continued)

### (k) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

### (l) Economic dependence

Australian Macadamia Society Limited is dependent on Horticulture Innovation Australia Limited (HIAL) for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Horticulture Innovation Australia Limited (HIAL) will not continue to support Australian Macadamia Society Limited.

### (m) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

### (n) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

### (o) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have a material impact on the reported position or performance of the Group.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these Consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

### Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### Employee benefits provision

As discussed in Note 2(k), the liability for employee benefits 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. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## 4 Revenue

	2018	2017
	\$	\$
Advertising	119,179	111,145
Commissions received	83,196	76,910
Conference income and sponsorships	58,600	550,918
Donations and fundraising income	70,101	25,466
Voluntary contributions received - external	-	30,632
Kernel assessment and lab voluntary contributions	24,486	21,328
Project grant income	783,722	831,894
Project income - other	99,679	110,135
Saleable items	10,944	7,599
Subscriptions	212,886	175,504
Sundry income	37,199	32,584
Interest received from other persons	9,499	9,973
<b>Total revenue</b>	<b>1,509,491</b>	<b>1,984,088</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 5 Result for the Year

### Significant expenses:

#### Depreciation and Amortisation:

	2018	2017
Note	\$	\$
Depreciation expense - plant and equipment	9,517	10,594
Amortisation - computer software	1,426	-
<b>Total Depreciation and Amortisation</b>	<b>10,943</b>	<b>10,594</b>
Project expenses	367,366	428,212
Provision for employee entitlements	(6,346)	10,572
Rent	33,926	33,326
Salary and wages	713,035	693,730
Superannuation contributions	66,897	65,948

## 6 Cash and Cash Equivalents

Cash on hand	860	5,761
Cash at bank	1,351,757	1,374,670
<b>Total cash and cash equivalents</b>	<b>1,352,617</b>	<b>1,380,431</b>

### (a) Reconciliation of cash

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	6	1,352,617	1,380,431
<b>Balance as per consolidated statement of cash flows</b>		<b>1,352,617</b>	<b>1,380,431</b>

## 7 Trade and Other Receivables

### CURRENT

Sundry debtors - projects	98,607	70,929
Sundry debtors	79,581	44,677
Other receivables	13	177
<b>Total current trade and other receivables</b>	<b>178,201</b>	<b>115,783</b>

## 8 Inventories

### CURRENT

At cost:

Finished goods	5,790	4,735
<b>Total current inventories</b>	<b>5,790</b>	<b>4,735</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	53,423	4,409
Accrued income	133,819	6,398
<b>Total current other assets</b>	<b>187,242</b>	<b>10,807</b>

## 10 Plant and equipment

Plant and equipment		
At cost	147,047	142,467
Accumulated depreciation	(128,475)	(118,968)
<b>Total plant and equipment</b>	<b>18,572</b>	<b>23,499</b>
<b>Total property, plant and equipment</b>	<b>18,572</b>	<b>23,499</b>

### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Total
	\$	\$
<b>Consolidated</b>		
<b>Year ended 30 June 2018</b>		
Balance at the beginning of year	23,499	23,499
Additions	4,590	4,590
Depreciation expense	(9,517)	(9,517)
<b>Balance at the end of the year</b>	<b>18,572</b>	<b>18,572</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 11 Intangible Assets

	2018	2017
	\$	\$
<b>Computer software</b>		
Cost	46,250	7,498
Accumulated amortisation and impairment	(1,426)	-
<b>Net carrying value</b>	<b>44,824</b>	<b>7,498</b>
<b>Total intangibles</b>	<b>44,824</b>	<b>7,498</b>

### (a) Movements in carrying amounts

	Computer Software	Total
	\$	\$
<b>Year ended 30 June 2018</b>		
Balance at the beginning of the year	7,498	7,498
Additions	48,500	48,500
Disposals	(9,748)	(9,748)
Amortisation	(1,426)	(1,426)
<b>Closing value at 30 June 2018</b>	<b>44,824</b>	<b>44,824</b>

## 12 Trade and other payables

	2018	2017
	\$	\$
<b>CURRENT</b>		
Trade payables	69,863	25,345
GST payable	40,671	22,073
Payroll liabilities	21,861	29,190
Accrued expenses	76,207	32,588
<b>Total current trade and other payables</b>	<b>208,602</b>	<b>109,196</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 13 Employee Benefits

	2018	2017
Note	\$	\$
<b>CURRENT</b>		
Long service leave	32,815	-
Annual leave	51,782	68,126
<b>Total current employee benefits</b>	<b>84,597</b>	<b>68,126</b>
<b>NON-CURRENT</b>		
Long service leave	30,547	53,362
<b>Total non-current employee benefits</b>	<b>30,547</b>	<b>53,362</b>

### Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 2(k) to this report.

## 14 Other Liabilities

<b>CURRENT</b>		
Subscriptions in advance	140,757	116,531
Unexpended grant funds	289,519	343,209
Income in advance	82,467	1,000
<b>Total current other liabilities</b>	<b>512,743</b>	<b>460,740</b>

## 15 Reserves

### Foreign currency translation reserve

Opening balance	-	(2,469)
Transfers in/(out)	-	2,469
<b>Closing balance</b>	<b>-</b>	<b>-</b>

### Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 16 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these consolidated financial statements, are as follows:

	Note	2018 \$	2017 \$
<b>Financial Assets</b>			
Cash and cash equivalents	6	1,352,617	1,380,431
Loans and receivables	7	178,201	115,783
<b>Total financial assets</b>		<b>1,530,818</b>	<b>1,496,214</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	12	208,602	109,196
<b>Total financial liabilities</b>		<b>208,602</b>	<b>109,196</b>

## 17 Interests in Subsidiaries

### Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) <sup>*</sup> 2018	Percentage Owned (%) <sup>*</sup> 2017
<b>Subsidiaries:</b>			
Macadamia Conservation Trust	Australia	100	100

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

### Macadamia Conservation Trust

The Australian Macadamia Society Limited ("the Company") acts as trustee for the Macadamia Conservation Trust ("the Trust") which was established to support and conserve the wild macadamia trees.

The Company has a right of indemnity out of the assets of the Trust for liabilities incurred by the Company acting in the capacity of trustee.

The assets of the Trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the Company acting in its own right.

The assets of the Trust were sufficient to discharge all the liabilities of the Trust at 30 June 2018 and 30 June 2017.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 18 Capital and Leasing Commitments

### (a) Operating lease commitments

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	18,214	36,139
- between one year and five years	7,182	24,590
<b>Total operating lease commitments</b>	<b>25,396</b>	<b>60,729</b>

The one operating lease relates to rental of premises known as Shop 1, 3 and 4 at 113 Dawson Street, Lismore. The commencement date is 9 December 2015 and the termination date is 8 December 2018. The lease has an option to renew for a further 3 years. Rent payments are made on a monthly basis.

The other operating lease relates to the rental of the Fuji Xerox Dow Centre VC 3376 photocopier. The commencement of the agreement is 15 October 2016 and termination date is 15 October 2021.

### (b) Capital commitments

As at 30 June 2018, the Group has entered into a contract in relation to the purchase of the membership subscription software and has committed to pay a sum of \$NIL within the next 12 months (30 June 2017: \$22,493).

## 19 Auditor's Remuneration

Remuneration of the auditor for:

- auditing or reviewing the financial statements	16,780	16,500
- other services	3,100	3,000
<b>Total auditors' remuneration</b>	<b>19,880</b>	<b>19,500</b>

## 20 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company and the Group is \$297,071 (2017: \$289,931).

### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 21 *Related Parties*.

## 21 Related Parties

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

#### (i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 20 *Key Management Personnel Disclosures*.

Other transactions with KMP and their related entities are shown below.

#### (ii) Other related parties:

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no identified transactions with related parties except for the remuneration of key management personnel disclosed in Note 20 *Key Management Personnel Disclosures*.

## 22 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 779 (2017: 742).

## 23 Events after the end of the Reporting Period

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

## 24 Contingencies

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



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## 25 Parent entity

The following information has been extracted from the books and records of the parent, Australian Macadamia Society Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Australian Macadamia Society Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	2018	2017
	\$	\$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	1,632,378	1,479,870
Non-current assets	63,397	30,998
<b>Total Assets</b>	<b>1,695,775</b>	<b>1,510,868</b>
<b>Liabilities</b>		
Current liabilities	802,891	637,607
Non-current liabilities	30,547	53,362
<b>Total Liabilities</b>	<b>833,438</b>	<b>690,969</b>
<b>Equity</b>		
Retained earnings	862,337	819,999
<b>Total Equity</b>	<b>862,337</b>	<b>819,999</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Net profit/(loss) for the year	42,438	137,701
Other comprehensive income	-	2,469
<b>Total comprehensive income</b>	<b>42,438</b>	<b>140,170</b>

### Guarantees

The parent entity did not enter into any Deed of Cross-Guarantee or other financial guarantees as at 30 June 2018 or 30 June 2017.

### Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

### Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2018 or 30 June 2017.

## 26 Group Details

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

Australian Macadamia Society Limited  
113 Dawson Street  
Lismore NSW 2480

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 16 to 33, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company and consolidated group.
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.

Chairman .....



Richard Doggett

Dated this 12th day of September 2018

# Independent Auditor's Report

TO THE MEMBERS OF AUSTRALIAN MACADAMIA SOCIETY LIMITED



## Independent Auditor's Report To the Members of Australian Macadamia Society Limited

### Opinion

We have audited the financial report of Australian Macadamia Society Limited ("the Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report and the Detailed Profit and Loss Statement but does not include the financial report and our auditor's report thereon.

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.

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## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

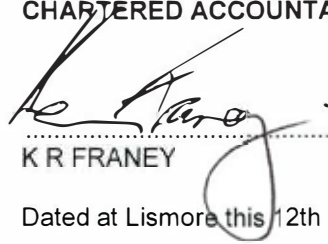
# Independent Auditor's Report

TO THE MEMBERS OF AUSTRALIAN MACADAMIA SOCIETY LIMITED



We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

  
K R FRANEY (Partner)

Dated at Lismore this 12th day of September 2018

The additional financial data presented on page 39 is in accordance with the books and records of the Group which have been subjected to the auditing procedures applied in our statutory audit of the Group for the year ended 30 June 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Australian Macadamia Society Limited) in respect of such data, including any errors or omissions therein however caused.



# Detailed Profit and Loss Statement

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>Income</b>		
Advertising	119,179	111,145
Commissions received	83,196	76,910
Conference and sponsorship	46,600	550,918
Interest received	9,499	9,973
Kernel assessment and lab voluntary contributions	24,486	21,328
Project income - other	-	10,254
Reimbursement of industry costs	173,819	195,022
Saleable items	10,944	7,599
Subscriptions	212,886	175,504
Sundry income	50,603	25,998
VC received - external	32,253	96,965
<b>Total income</b>	<b>763,465</b>	<b>1,281,616</b>
<b>Expenditure</b>		
<u>Administration expenses</u>		
Accountancy fees	1,180	2,730
Amortisation	1,426	-
Audit fees	17,305	18,500
Bad debts	77	529
Bank charges	4,701	4,991
Books for resale	7,944	4,304
Chairman's allowance	6,000	6,000
Cleaning	3,060	3,591
Computer software	24,231	10,988
Conference	-	383,260
Depreciation	9,517	10,594
Donations	-	2,593
Electricity	7,345	3,878
Filing fees	7,798	1,669
General expenses	1,561	787
Governance expense	7,711	22,712
Industry meetings	20,972	5,907
Insurance	11,204	10,963
Internet, website and associated costs	1,700	1,409
Kernel assessment and lab voluntary contributions	13,051	16,726
Leave provision expense	4,852	10,224
Legal expenses	400	-
Loss on disposal of assets	-	1,278
(Gain)/Loss on foreign exchange	(5,966)	1,426
Office expenses	5,785	4,645
Postage, printing and stationery	20,807	31,426
Publications and subscriptions	6,893	17,339
Project Expenses - other	13,741	
Rates	5,004	3,989
Rent	33,926	33,326
Repairs and maintenance	1,798	7,916
Salaries and superannuation contributions	415,728	383,405
Labour hire	12,280	-
Telephone	7,818	8,234
Training	725	2,664
Travelling expenses - staff	18,200	17,776
VC payments - External	32,253	108,136
<b>Total expenditure</b>	<b>721,027</b>	<b>1,143,915</b>
<b>Net operating profit/(loss) before income tax</b>	<b>42,438</b>	<b>137,701</b>

# Detailed Profit and Loss Statement

FOR THE YEAR ENDED 30 JUNE 2018



<b>TIME OF FLOWERING AND POLLINATION RELEVANT TO ORCHARD WEATHER CONDITIONS IN NORTHERN NSW - GROWERS TRAIL GROUP</b>	<b>2018 \$</b>	<b>2017 \$</b>
<b>Income</b>		
Project grants	-	12,000
<b>Total income</b>	<u>-</u>	<u>12,000</u>
<b>Expenditure</b>		
Project costs	-	12,000
<b>Total expenditure</b>	<u>-</u>	<u>12,000</u>
<b>Net operating (loss)/profit before income tax</b>	<u>-</u>	<u>-</u>
<b>HORTICULTURE AUSTRALIA FUNDED PROGRAMS MARKET DEVELOPMENT MANAGER</b>		
<b>Income</b>		
Project grants	243,307	243,307
<b>Total income</b>	<u>243,307</u>	<u>243,307</u>
<b>Expenditure</b>		
Project costs	246,805	244,156
<b>Total expenditure</b>	<u>246,805</u>	<u>244,156</u>
Transfer to WIP	(3,498)	(849)
<b>Net operating (loss)/profit before income tax</b>	<u>-</u>	<u>-</u>
<b>NATIONAL MACADAMIA GROWER COMMUNICATIONS</b>		
<b>Income</b>		
Project grants	226,362	226,362
<b>Total income</b>	<u>226,362</u>	<u>226,362</u>
<b>Expenditure</b>		
Project costs	268,853	260,457
<b>Total expenditure</b>	<u>268,853</u>	<u>260,457</u>
Transfer to WIP	(42,491)	(34,095)
<b>Net operating (loss)/profit before income tax</b>	<u>-</u>	<u>-</u>
<b>AUSTRALIAN MACADAMIA INDUSTRY INNOVATION AND ADOPTION PROGRAM</b>		
<b>Income</b>		
Project grants	283,691	308,116
<b>Total income</b>	<u>283,691</u>	<u>308,116</u>
<b>Expenditure</b>		
Project costs	337,382	342,460
<b>Total expenditure</b>	<u>337,382</u>	<u>342,460</u>
Unexpended grants	(53,691)	(34,344)
<b>Net operating (loss)/profit before income tax</b>	<u>-</u>	<u>-</u>



# Detailed Profit and Loss Statement

FOR THE YEAR ENDED 30 JUNE 2018



## CONSULTING SERVICES FOR CROP FORECASTING PROJECT

	2018 \$	2017 \$
<b>Income</b>		
Project grants	3,820	3,820
<b>Total income</b>	<u>3,820</u>	<u>3,820</u>
<b>Expenditure</b>		
Project costs	3,820	7,640
<b>Total expenditure</b>	<u>3,820</u>	<u>7,640</u>
Unexpended grants	-	(3,820)
<b>Net operating (loss)/profit before income tax</b>	<u>-</u>	<u>-</u>

## GLOBAL MACADAMIA HEALTH RESEARCH PROJECT

<b>Income</b>		
Project contributions	-	131,034
<b>Total income</b>	<u>-</u>	<u>131,034</u>
<b>Expenditure</b>		
Project contribution expenditures	-	28,358
<b>Total expenditure</b>	<u>-</u>	<u>28,358</u>
Contributions carried forward	-	102,676
<b>Net operating (loss)/profit before income tax</b>	<u>-</u>	<u>-</u>

# Detailed Profit and Loss Statement

FOR THE YEAR ENDED 30 JUNE 2018



## MACADAMIA CONSERVATION TRUST

	2018	2017
	\$	\$
<b>Income</b>		
Project grants	26,542	27,118
Contributions received	70,100	25,466
Sponsorships income	12,000	-
Other income	-	6,586
<b>Total income</b>	<b>108,642</b>	<b>59,170</b>
<b>Expenditure</b>		
Contributions paid - voluntary contributions	32,253	66,333
Management fees - AMS	13,404	-
Professional fees - accounting	2,575	2,500
Subscriptions	-	-
Sundry expenses	3,420	2,929
<b>Total expenditure</b>	<b>51,652</b>	<b>71,762</b>
<b>Net operating (loss)/profit before income tax</b>	<b>56,990</b>	<b>( 12,592)</b>
<b>Net consolidated operating profit/(loss) before income tax</b>	<b>99,428</b>	<b>125,109</b>



Members of the Planting Systems Trial advisory group inspecting the trials at Bundaberg in July 2017. The aim of the trial, being led by Dr John Wilkie from DAFF, is to design more productive orchard systems.

Rick Paine (left) and Bill Johnstone from Alstonville have been trialling a different approach to canopy management where they prune 10 per cent of their trees to a height of 4 m each year as a way of gradually increasing light penetration into the orchard. The result has been healthier trees and a manageable impact on yield.



Macadamia Conservation Trust members Ian McConachie, Liz Gould and Richard Harding with leaf samples collected from a wild macadamia tree at Kedron Brook in Brisbane.



# Australian Macadamia Society Ltd

ANNUAL REPORT 2018



AUSTRALIAN  
**MACADAMIA**  
SOCIETY

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