



HERD IMPROVEMENT  
CO-OPERATIVE AUSTRALIA LTD

HERD IMPROVEMENT CO-OPERATIVE  
AUSTRALIA LIMITED

# ANNUAL REPORT

**Year Ended 30 April 2024**

**Registered Office:**

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## CHAIR'S REPORT

Dear Members,

The financial year ending April 2024 saw a slight after tax loss of \$41,576 after a challenging year with further declines in dairy farm numbers and pressures on all input costs.

Hico continues to be governed by a dedicated Board of Directors and the experienced management of Phil Wren, acting as General Manager for both NHD and Hico. Phil is now also supporting Yarram Herd Services (YHS) with his managerial expertise and industry knowledge which has resulted in Hico, NHD and YHS all working collaboratively across artificial insemination, laboratories and a strategic industry approach to herd improvement.

The work on the intended merger of Hico and NHD continues. We continue to work with specialist legal and financial advisors to counsel both organisations throughout the process, ensuring proper process and tax compliance/benefits. We are aiming to formally merge as soon as authorisation is received from Consumer Affairs Victoria which regulates the activities of Co-operatives in Victoria with an expected completions date well before the commencement of the new financial year for Hico.

It has been extremely pleasing to see the co-operation between the Hico and NHD organisations. At the operational site level knowledge and resource sharing has been a hallmark of the co-operation between the various managements and staffs. The Directors of our respective Boards have had the opportunity to get to know each other and to work through achieving what we are excited to see as a strong, united, and effective herd improvement co-operative of the future.

Generally, normal weather conditions have prevailed across Victoria although the predicted El Nino weather event did not seem to eventuate through the 2023 Spring. The Hico business has experienced a decrease in herd recording/milk testing during this reporting period, however, the business is now returning to normal levels as weather patterns look to swing quickly toward drier conditions. Whilst we continue to see a strong milk price in our industry, like our farmers Hico is also navigating new norms with labour availability and business input costs. We continue to carefully monitor and manage our business to ensure we are providing value for our shareholders across our complete service offering.

Hico has partnered with Uniform Agri, a major international provider of herd management software, to work on the development of a new and enhanced Mistro-Farm package for the future. This development is supported by NHD and key industry organisations and with the merger of Hico and NHD, a focus on the Mistro/Uniform Agri development will be a priority.

During the year, Hico saw the retirement of some of our valued long-term staff. From all at Hico and the Hico Board we wish Glenn Fraser and Neil Odgers all the very best in their future endeavours. We thank Glenn for all his efforts as part of the team for 30 years and Neil who has been a big contributor to the growth and development of Hico and the national herd improvement industry over his 36 years with us.

The Hico Board wishes to express our gratitude to Phil Wren and the NHD Board for their continued support of Hico, and we look forward to becoming an enhanced and improved co-operative for our respective Dairy and Beef farmers.

The Board would like to extend a sincere thankyou to all our farmer members, customers, employees, and suppliers for working with us as we continue the merger process with NHD and as we look forward to providing an enhanced, vibrant, resilient, hard-working, future focused co-operative for our dairy industry.



Andrew Verboon  
Chair

Herd Improvement Co-operative Australia Ltd

## STATUTORY REPORT OF THE DIRECTORS

To the members

Your directors present their report, together with the audited accounts of the Co-operative for the year ended 30 April 2024.

The names of the directors in office at the date of this report are:

Andrew VERBOON (Chair)  
Gary MACFARLANE (Deputy Chair)  
Josh DE JONG  
Jon RYAN  
Josie ZILM  
Angela FORBES

The comprehensive income (loss) for the year ended April 2024 after tax was (\$41,576) 2023 - \$126,409.

A review of the operations of the Co-operative during the year is as follows:

The principal activities of the Co-operative during the year continued to involve the retailing of cattle semen, merchandise and chemicals, artificial insemination and herd recording of dairy cattle.

There have been no significant changes in the nature of the activities during the year under review.

Other likely developments in the operations of the Co-operative 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 Co-operative.

The Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No dividend has been paid or has been declared since the start of the financial year.

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

## STATUTORY REPORT OF THE DIRECTORS

The names of directors of the Co-operative who have held office during the year ended 30 April 2024 are set out in the Directors Report. The number of Directors' meetings and the number of meetings attended during the twelve months were:

Director	No. of meetings eligible to attend	No. of meetings attended
A Verboon (Chair)	11	11
G Macfarlane (Deputy Chair)	11	9
J De Jong	11	10
J Ryan	11	11
J Zilm	11	9
A Forbes	11	9

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who has been an officer or auditor of the Co-operative.

### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 was provided to the Directors and is set out in the financial reports.

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



A. VERBOON  
Director



J. ZILM  
Director

Dated this 30<sup>th</sup> day of August 2024

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 APRIL 2024**

	Note	2024 \$	2023 \$
Revenue	3	8,559,615	9,254,275
<b>Total revenue</b>		<b>8,559,615</b>	<b>9,254,275</b>
Changes in inventory		29,394	(34,395)
Purchases		(3,569,593)	(3,781,512)
Employee benefits expense		(3,101,329)	(2,999,500)
Depreciation and amortisation expense		(250,207)	(241,385)
Other expenses from ordinary activities		(1,723,315)	(1,727,018)
<b>Total expenses</b>	4	<b>(8,615,050)</b>	<b>(8,783,810)</b>
<b>Profit/(Loss) before income tax</b>		<b>(55,435)</b>	<b>470,465</b>
Income tax (expense)/benefit	5(a)	13,859	(344,056)
<b>Profit/(Loss) for the year</b>		<b>(41,576)</b>	<b>126,409</b>
<b>Other comprehensive income:</b>			
Net gain on revaluation of land and buildings		-	905,755
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>905,755</b>
<b>Total comprehensive profit / (loss) for the year</b>		<b>(41,576)</b>	<b>1,032,164</b>

The accompanying notes form part of this financial report

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2024**

	Note	2024	2023
		\$	\$
<b>CURRENT ASSETS</b>			
Cash	18a	1,189,111	1,303,279
Trade & other receivables	6	1,732,534	1,661,896
Inventories	7	<u>561,841</u>	<u>529,882</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>3,483,486</u></b>	<b><u>3,495,057</u></b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	8	2,830	4,981
Property, plant & equipment	9	3,019,909	3,014,659
Right-of-use asset	10	95,885	187,564
Deferred tax assets	5(c)	<u>104,696</u>	<u>116,375</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>3,223,320</u></b>	<b><u>3,323,579</u></b>
<b>TOTAL ASSETS</b>		<b><u>6,706,806</u></b>	<b><u>6,818,636</u></b>
<b>CURRENT LIABILITIES</b>			
Payables	11	517,624	522,461
Short-term provisions	12(a)	350,869	393,868
Interest-bearing liability	13(a)	81,063	78,030
Other	14	<u>235,845</u>	<u>230,927</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>1,185,401</u></b>	<b><u>1,225,286</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	12(b)	11,717	15,533
Interest-bearing liability	13(b)	180,128	205,089
Deferred tax liabilities	5(c)	<u>286,861</u>	<u>286,861</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>478,706</u></b>	<b><u>507,483</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>1,664,107</u></b>	<b><u>1,732,769</u></b>
<b>NET ASSETS</b>		<b><u>5,042,699</u></b>	<b><u>5,085,867</u></b>
<b>EQUITY</b>			
Issued share capital	15	12,224	13,816
Asset revaluation reserve		1,147,444	1,147,444
Retained profits		<u>3,883,031</u>	<u>3,924,607</u>
<b>TOTAL EQUITY</b>		<b><u>5,042,699</u></b>	<b><u>5,085,867</u></b>

The accompanying notes form part of this financial report

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 APRIL 2024**

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Total Equity</b>
	\$	\$	\$	\$
Balance at 1 May 2022	15,674	3,798,198	241,689	4,055,561
Asset Revaluation	-	-	905,755	905,755
Profit attributable to shareholders	-	126,409	-	126,409
Shares redeemed during the year	(1,858)	-	-	(1,858)
<b>Balance at 30 April 2023</b>	<b>13,816</b>	<b>3,924,607</b>	<b>1,147,444</b>	<b>5,085,867</b>
Balance at 1 May 2023	13,816	3,924,607	1,147,444	5,085,867
Asset Revaluation	-	-	-	-
Profit attributable to shareholders	-	(41,576)	-	(41,576)
Shares redeemed during the year	(1,592)	-	-	(1,592)
<b>Balance at 30 April 2024</b>	<b>12,224</b>	<b>3,883,031</b>	<b>1,147,444</b>	<b>5,042,699</b>

The accompanying notes form part of this financial report

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 APRIL 2024**

	Note	2024	2023
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Customers		8,574,119	8,969,574
Interest received		<u>13,788</u>	<u>8,545</u>
		<u>8,587,907</u>	<u>8,978,119</u>
<b>Payments</b>			
Suppliers & employees		<u>(8,509,910)</u>	<u>(8,529,634)</u>
<b>Net cash from/(used in) operating activities</b>	18(a)	<u><b>77,997</b></u>	<u><b>448,485</b></u>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of property, plant & equipment		185,574	158,404
Payments for property, plant & equipment		(343,916)	(187,016)
Payments for security deposits		2,151	(2,151)
<b>Net cash (used in) investing activities</b>		<u><b>(156,191)</b></u>	<u><b>(30,763)</b></u>
<b>Cash flow from financing activities</b>			
Increase/(Decrease) in shares issued		(1,592)	(1,858)
Payments for lease liability		(67,901)	(47,828)
Proceeds from financing loan		<u>33,519</u>	<u>84,802</u>
<b>Net cash from financing activities</b>		<u><b>(35,974)</b></u>	<u><b>35,116</b></u>
<b>Net increase/(decrease) in cash</b>		<u><b>(114,168)</b></u>	<u><b>452,838</b></u>
<b>Opening cash</b>		1,303,279	850,441
<b>Closing cash</b>	18(a)	<u><b>1,189,111</b></u>	<u><b>1,303,279</b></u>

The accompanying notes form part of this financial report



**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

**NOTE 1 - Basis of Preparation**

This financial report covers the financial statements and notes of the economic entity of Herd Improvement Co-Operative Australia Limited "Hico".

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the Co-Operatives National Law.

**NOTE 2 - Summary of Material Accounting Policy Information**

**(a) Introduction**

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accrual 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.

**(b) Depreciation**

All plant, equipment and motor vehicles and buildings are depreciated on a diminishing or straight-line basis to write off the assets over their useful life commencing from the time the asset is held ready for use. Depreciation is recognised in the statement of comprehensive income.

The depreciation rates used for each class of depreciable assets are as follows:

Class of Asset	Depreciation Rate
Buildings	2.5%
Leasehold Improvements	33.33%
Plant & Equipment	5% to 40%
Motor Vehicles	18.75% to 22.5%
Office Equipment	15% to 40%

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(c) Inventories**

Inventories comprise goods purchased for resale. These inventories are valued at the lower of cost and net realisable value on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

**NOTE 2 - Summary of Material Accounting Policy Information (continued)**

**(d) Trade and other receivables**

Trade receivables, which comprise amounts due from sales of merchandise and from services provided to customers, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement are 30 days from the rendering of an account. The notional amount of the receivable is deemed to reflect fair value.

A Provision for the Impairment of Receivables is made when there is objective evidence that the Co-operative will not be able to collect the debts. Bad debts are written off when identified.

**(e) Employee Benefits**

Provision is made for the co-operative's liability for employee benefits arising from services rendered by employees to balance date. Liabilities for employees' entitlements to wages and salaries and annual leave are accrued at nominal amounts calculated on the basis of current wage and salary rates plus on-costs.

A liability for long service leave is recognised and is measured as the present values of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to projected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates based on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. The current portion of the Long Service Leave provision is based on all employees with greater than six years' service as there is an unconditional obligation.

**(f) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Herd Recording Fees that are paid in advance are apportioned over the months that testing services will be provided in order to more accurately reflect the income applicable to each financial period. A reconciliation process is performed at the conclusion of the herd-testing season. If applicable unspent fees are refunded to customers.

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

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

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

**(g) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

**NOTE 2 - Summary of Material Accounting Policy Information (continued)**

**(g) Income Tax (continued)**

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(h) Property, Plant & Equipment**

Each class of property, plant and equipment and motor vehicle is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. Any property, plant and equipment donated to the Co-operative or acquired for nominal cost is recognised at fair value at the date the Co-operative obtains control of the assets.

**Property**

Freehold land and buildings are measured at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings and less any impairment losses recognised after the date of the revaluation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the assets and the net amount is restated to the adjusted amount of the asset.

Increases in the carrying amount arising from revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

**Plant & Equipment**

Plant and equipment and motor vehicles are measured on a cost basis, less depreciation and impairment losses. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

The recoverable amount of individual assets or classes of non-current assets is reviewed annually to determine whether they are in excess of their recoverable amount at balance date.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

**NOTE 2 - Summary of Material Accounting Policy Information (continued)**

**(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The cash flow statement also shows cash inflows and outflows inclusive of GST. Cashflows are presented in the cashflow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(k) Trade and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the Co-operative prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days.

**(l) Comparative Figures**

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

**(m) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the reporting date, which will be classified as current assets.

**(n) Leases**

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

At commencement of the lease, the right-of-use assets are measured at cost. This cost consists of the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs incurred. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The total lease payments are discounted using the interest rate implicit in the lease and where that rate cannot be readily determined, the weighted average incremental borrowing rate of the Co-operative is used.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 3 - REVENUE</b>		
<b>OPERATING ACTIVITIES</b>		
Herd testing & cell count fees	2,298,849	2,552,775
Semen sales	2,499,078	2,575,503
Farm Services sales	3,473,503	3,723,477
Mistro services	121,994	143,267
Interest received	13,788	8,545
Profit/(Loss) on sale of assets	(632)	67,118
Other income	153,035	183,590
<b>TOTAL REVENUE</b>	<b><u>8,559,615</u></b>	<b><u>9,254,275</u></b>
 <b>NOTE 4 - EXPENSES (DETAILED)</b>		
Audit Fees	15,500	15,250
Bad & Doubtful Debts	1,379	5,070
Bank fees & Interest	23,150	18,590
Cost of Sales - Semen	1,691,405	1,778,076
Cost of Sales - Farm Services	1,848,794	2,037,831
Depreciation & Amortisation	250,207	241,385
Directors Fees	76,138	74,781
General Expenses	240,900	172,012
Insurance	121,014	131,307
Material Costs	284,749	298,554
Postage, Telephone, Electricity & Stationary	164,101	175,032
Professional and Consulting Fees	49,817	88,237
Rent & Rates	23,367	22,242
Repairs	86,993	80,394
Salaries & On-Costs	3,101,329	2,999,500
Staff Recruitment	10,950	2,644
Computer Requisites	132,726	115,282
Subscriptions	3,738	3,545
Sub-contractors	61,084	47,683
Training Expenses	966	10,431
Travelling & Motor Vehicle Expenses	426,743	465,964
<b>TOTAL EXPENSES</b>	<b><u>8,615,050</u></b>	<b><u>8,783,810</u></b>

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 5 (a) - INCOME TAX EXPENSE/(BENEFIT)</b>		
The components of tax expense comprise:		
Current tax	(13,859)	117,616
Adjustments Resulting from the Change in Tax Rate	-	-
Adjustments to Prior Year Provision Balances	-	-
Tax effect of revaluation of land & buildings	-	226,440
	<b>(13,859)</b>	<b>344,056</b>

The prima facie tax on profit(losses) from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax on profits(losses):	(13,859)	344,056
Plus (Less) Tax effect of:		
Timing Difference Attributed to non-cash movements	(11,678)	(24,830)
	<b>(25,537)</b>	<b>319,226</b>

**NOTE 5 (b) - CURRENT TAX**

Income Tax Payable (Refundable)	-	-
	<b>-</b>	<b>-</b>

**NOTE 5 (c) - NON-CURRENT**

	Opening Balance	Charged to income	Charged directly to equity	Closing balance
<b>Deferred Tax Liability</b>				
Land & Building Revaluation	80,563	-	226,439	307,002
Adjustment due to prior year error	(20,141)	-	-	(20,141)
<b>Balance at 30 April 2023</b>	<b>60,422</b>	<b>-</b>	<b>226,439</b>	<b>286,861</b>
Land & Building Revaluation	286,861	-	-	286,861
<b>Balance at 30 April 2024</b>	<b>286,861</b>	<b>-</b>	<b>-</b>	<b>286,861</b>
<b>Deferred Tax Asset</b>				
Provisions	141,205	(24,830)	-	116,375
Tax losses				
<b>Balance at 30 April 2023</b>	<b>141,205</b>	<b>(24,830)</b>	<b>-</b>	<b>116,375</b>
Provisions	116,375	(11,679)	-	104,696
Tax losses				
<b>Balance at 30 April 2024</b>	<b>116,375</b>	<b>(11,679)</b>	<b>-</b>	<b>104,696</b>

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 6 - TRADE &amp; OTHER RECEIVABLES</b>		
Trade Debtors	1,099,114	1,070,448
Less Provision for Impairment	<u>(50,000)</u>	<u>(50,000)</u>
	1,049,114	1,020,448
Other receivables and prepayments	396,026	379,592
Income Tax Refundable	<u>287,394</u>	<u>261,856</u>
<b>Total Trade &amp; Other Receivables</b>	<b><u>1,732,534</u></b>	<b><u>1,661,896</u></b>
 <b>NOTE 7 - INVENTORIES</b>		
Merchandising, semen & milk harvesting	<b><u>561,841</u></b>	<b><u>529,882</u></b>
 <b>NOTE 8 - FINANCIAL ASSETS</b>		
Shares in unlisted companies, at cost	630	630
Security deposit	<u>2,200</u>	<u>4,351</u>
<b>Total Financial Assets</b>	<b><u>2,830</u></b>	<b><u>4,981</u></b>
 <b>NOTE 9 - PROPERTY, PLANT &amp; EQUIPMENT</b>		
Land at fair value	1,180,000	1,180,000
Buildings at fair value	843,500	841,979
Buildings at Cost (Leasehold improvement 2019)	-	53,322
Less Accumulated depreciation	<u>(12,444)</u>	<u>(50,301)</u>
	<b><u>2,011,056</u></b>	<b><u>2,025,000</u></b>
Motor vehicles at cost	1,723,939	1,720,365
Less Accumulated depreciation	<u>(1,133,154)</u>	<u>(1,103,588)</u>
	<b><u>590,785</u></b>	<b><u>616,777</u></b>
Office equipment at cost	172,353	265,514
Less Accumulated depreciation	<u>(127,275)</u>	<u>(219,029)</u>
	<b><u>45,078</u></b>	<b><u>46,485</u></b>
Plant & equipment at cost	1,868,399	2,377,492
Less Accumulated depreciation	<u>(1,505,808)</u>	<u>(2,060,754)</u>
	<b><u>362,591</u></b>	<b><u>316,738</u></b>
	<b><u>3,009,510</u></b>	<b><u>3,005,000</u></b>
Works in Progress - Software	-	9,659
Software Pool – Mistro Shed	<u>10,399</u>	<u>-</u>
<b>Total property, plant &amp; equipment</b>	<b><u>3,019,909</u></b>	<b><u>3,014,659</u></b>

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

**NOTE 9 - PROPERTY, PLANT & EQUIPMENT (CONTINUED)**

**MOVEMENTS IN CARRYING AMOUNTS**

*Consolidated Movement in the carrying amounts for each class of property, plant & equipment*

	Land	Buildings	Office Equipment	Plant and Equipment	Motor Vehicles	Work in Progress	Software Pool – Mistro Shed	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 May 2022	480,500	650,490	58,253	377,581	632,873	9,659	-	2,209,356
Additions	-	1,669	2,044	13,648	169,296	-	-	186,657
Disposals	-	-	(1,870)	(12,590)	(76,825)	-	-	(91,285)
Depreciation	-	(13,414)	(11,942)	(61,901)	(108,567)	-	-	(195,824)
Revaluation	699,500	206,255	-	-	-	-	-	905,755
<b>Balance at 30 April 2023</b>	<b>1,180,000</b>	<b>845,000</b>	<b>46,485</b>	<b>316,738</b>	<b>616,777</b>	<b>9,659</b>	<b>-</b>	<b>3,014,659</b>
Additions	-	-	13,291	110,014	100,898	-	10,399	234,602
Disposals	-	(850)	(3,721)	(7,903)	(12,715)	(9,659)	-	(34,848)
Depreciation	-	(13,094)	(10,977)	(56,258)	(114,175)	-	-	(194,504)
<b>Balance at 30 April 2024</b>	<b>1,180,000</b>	<b>831,056</b>	<b>45,078</b>	<b>362,591</b>	<b>590,785</b>	<b>-</b>	<b>10,399</b>	<b>3,019,909</b>

Land and Buildings, Maffra and at Korumburra were valued by Lee Property Valuers & Advisors 30 April 2023.

	2024	2023
	\$	\$
<b>NOTE 10 - RIGHT-OF-USE</b>		
Right-Of-Use (At Cost)	244,227	293,240
Less: Accumulated Amortisation	(148,342)	(105,676)
	<b>95,885</b>	<b>187,564</b>

**NOTE 11 - TRADE AND OTHER  
PAYABLES**

Trade Creditors	388,783	344,713
Sundry Creditors	128,841	177,748
	<b>517,624</b>	<b>522,461</b>

**Credit Stand-by arrangements and Loan Facilities**

The Co-Operative has a bank overdraft facility amounting to \$470,000, asset financing-lease facility of \$300,000.

At 30 April 2024, the asset financing-lease facility was being utilised. Freehold properties owned by the Co-Operative in Maffra are used as security.



**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 12 - PROVISIONS</b>		
<b>(a) Current liabilities</b>		
Annual leave	149,395	173,406
Long service leave	201,474	220,462
	<b>350,869</b>	<b>393,868</b>
<b>(b) Non-current liabilities</b>		
Long service leave	<b>11,717</b>	<b>15,533</b>
<b>NOTE 13 - INTEREST-BEARING LIABILITY</b>		
<b>(a) Current liability</b>		
Lease Liability	48,223	62,393
NAB Equipment Loan	32,840	15,637
	<b>81,063</b>	<b>78,030</b>
<b>(b) Non-current liability</b>		
Lease Liability	60,242	135,924
NAB Equipment Loan	119,886	69,165
	<b>180,128</b>	<b>205,089</b>

The Co-operative entered into four (4) facilities with the National Australia Bank Limited (NAB) for the purchase of five (5) vehicles. All facilities are with a term of 60 months.

<b>NAB Equipment Loans</b>	<b>Expiry Date</b>	<b>2024</b>			<b>2023</b>		
		Current	Non-current	Total	Current	Non-current	Total
223420169 B	December 2027	10,598	31,951	42,549	9,918	42,550	52,468
230600177 B	March 2028	6,128	20,488	26,616	5,719	26,615	32,334
232270082 B	August 2028	10,466	40,521	50,987	-	-	-
241140136 B	April 2029	5,648	26,926	32,574	-	-	-
		<b>32,840</b>	<b>119,886</b>	<b>152,726</b>	<b>15,637</b>	<b>69,165</b>	<b>84,802</b>

**NOTE 14 - OTHER LIABILITIES**

Prepaid herd recording fees	212,421	216,233
Advances from customers	23,424	14,694
	<b>235,845</b>	<b>230,927</b>

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
<b>NOTE 15 - SHARE CAPITAL</b>	<b>\$</b>	<b>\$</b>
<b>Authorised capital</b>		
6,112 shares of \$2 each (2023 6,908 shares of \$2 each)	<u>12,224</u>	<u>13,816</u>
<b>Issued &amp; paid up capital</b>		
6,112 shares of \$2 each (2023 6,908 shares of \$2 each)	<u>12,224</u>	<u>13,816</u>
<b>Share movement</b>		
Opening Balance	13,816	15,674
Shares issued(redeemed) during the year	<u>(1,592)</u>	<u>(1,858)</u>
Closing balance	<u><u>12,224</u></u>	<u><u>13,816</u></u>

**NOTE 16 - CAPITAL COMMITMENTS**

The Co-operative had no capital commitments at balance date.

**NOTE 17 - RELATED PARTY TRANSACTIONS**

The only transactions with directors and director related entities were on normal trading terms available to all Co-Operative members. Total sales to directors during the 2024 were \$103,218 (2023 \$132,835).

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 18 - CASH FLOW STATEMENT</b>		
<b>(a) Cash at the end of the period, as shown in the Cash Flow Statement, is reconciled to the related items in the balance sheet as follows:</b>		
Cash at Bank - General	<u>1,189,111</u>	<u>1,303,279</u>
	<b><u>1,189,111</u></b>	<b><u>1,303,279</u></b>
<b>Reconciliation of Net Cash from operating activities to Net Profit/(Loss) after income tax.</b>		
Net profit/(loss) after income tax	(41,576)	126,409
<b>Non-cash flows in Net Profit</b>		
Depreciation & Amortisation	250,207	241,385
(Profit)/Loss on Sale of Assets	632	(67,118)
Interest on Lease Liability	6,388	7,095
<b>Changes in assets &amp; liabilities</b>		
(Increase)/Decrease in Accounts Receivable	(28,669)	(35,430)
(Increase)/Decrease in Other Receivables and Prepayments	(16,434)	(183,507)
(Increase)/Decrease in Inventories	(31,959)	34,395
Increase/(Decrease) in Accounts Payable	(4,837)	95,605
Increase/(Decrease) in Prepaid Herd Recording Fees	4,918	5,274
Increase/(Decrease) in Provision for Annual Leave	(24,011)	(47,107)
Increase/(Decrease) in Provision for Long Service Leave	(22,804)	(52,431)
(Increase)/Decrease in Future Tax Benefit	11,679	24,830
Increase/(Decrease) in Income Tax Refundable	(25,537)	92,787
Increase/(Decrease) in Deferred Tax Liabilities	-	206,298
<b>Net cash from/(used in) operating activities</b>	<b><u>77,997</u></b>	<b><u>448,485</u></b>

**(b) Non-cash financing and investing activities**

During the period the Co-Operative did not acquire property, plant and equipment using non-cash financing methods.

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 19 A - REMUNERATION AND RETIREMENT BENEFITS</b>		
Income paid or payable to all directors of the Co-Operative and any related parties		
- Directors fees	73,006	67,803
- Directors travel, accommodation & out of pocket expenses	3,132	6,978

The number of directors whose income from the Co-Operative or related bodies was within the following bands:

	<b>No.</b>	<b>No.</b>
\$0 to \$9,999	2	2
\$10,000 to \$19,999	3	4
\$20,000 to \$29,999	1	-

**NOTE 19 B - KEY MANAGEMENT PERSONNEL**

The names and positions of those having authority for planning, directing and controlling the co-operative's activities, directly or indirectly are:

Mr A Verboon	Chair	Farmer elected
Mrs J Zilm	Director	Farmer elected
Mr J De Jong	Director	Farmer elected
Mr J Ryan	Director	Farmer elected
Mr P Wren	General Manager	
Mr. G Macfarlane	Deputy Chair	Independent
Mrs A Forbes	Director	Independent

There were no changes to the Key Management Personnel after reporting date and before the date the financial report was authorised for issue.

**HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**  
**ABN: 19 459 932 642**

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 2024**

**NOTE 20 - CONTINGENT LIABILITY**

The Co-operative had no contingent liabilities as at 30 April 2024.

**NOTE 21 - SUBSEQUENT EVENTS**

Herd Improvement Co-operative Australia Limited (HICO) and National Herd Development (NHD) have signed a Memorandum of Understanding (MOU) agreeing to work in partnership to transition into a single Co-Operative. On 21 July 2023, the Board members of NHD and HICO announced their intention to pursue a merger of the two (2) Co-operatives, ensuring a sustainable herd improvement sector servicing farmers throughout Victoria, South Australia and Southern New South Wales.

Apart from the above, the Board of Directors are not aware of any significant events since the end of the reporting period.

**NOTE 22 - CO-OPERATIVE DETAILS**

**Name**

Herd Improvement Co-operative Australia Limited, ABN 19 459 932 642

**Registered Office and Principal Place of Business**

2 Foster Street, Maffra Victoria 3860

Telephone: (03) 51471633

**Co-operative website**

[www.hico.com.au](http://www.hico.com.au)

**Co-operative Auditors**

AMW Audit

Chartered Accountants

Unit 8, 210 Winton Road Joondalup WA 6027

HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED  
ABN: 19 459 932 642

**DIRECTORS' DECLARATION**

The Directors have determined that the Co-operative is not a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

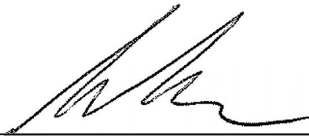
The Directors of the Co-operative declare that:

The financial statements and notes, present fairly the Co-operative's financial position as at 30 April 2024 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial report; and

- 2 In the Directors' opinion, there are reasonable grounds to believe that the Co-operative 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.

Dated this 30<sup>th</sup> day of August 2024.



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**Director:**



**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Herd Improvement Co-operative Australia Limited. As the audit partner for the audit of the financial report of Herd Improvement Co-operative Australia Limited for the year ended 30 April 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Dated this 30<sup>th</sup> day of August 2024

AMW Audit

**AMW AUDIT**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'BJT' with a long horizontal flourish extending to the right.

**BILLY-JOE THOMAS**  
Director & Registered Company Auditor



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERD IMPROVEMENT CO-OPERATIVE AUSTRALIA LIMITED**

### **Opinion**

We have audited the financial report of Herd Improvement Co-operative Australia Limited (the Co-operative), which comprises the statement of financial position as at 30 April 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of Herd Improvement Co-operative Australia Limited has been prepared in accordance with the Co-operatives National Law Application Act 2013, including:

- (i) giving a true and fair view of the Co-operative's financial position as at 30 April 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards as disclosed in Note 2.

### **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 Co-operative 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 Herd Improvement Co-operative, 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.

### **Responsibilities of Directors for the Financial Report**

The directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 Co-operative 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 Co-operative 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 the Co-operative'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 Co-operative'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 Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Co-operative to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Co-operative's audit. We remain solely responsible for our audit opinion.

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.

AMW Audit

**AMW AUDIT**

Chartered Accountants



**BILLY-JOE THOMAS**

Director & Registered Company Auditor

Dated at Perth, Western Australia this 30<sup>th</sup> day of August 2024.