

ANNUAL REPORT 2024 / 2025



Holstein

A U S T R A L I A

**Presented at the 38th Annual General Meeting
of the Holstein-Friesian Association of Australia Incorporated
Thursday 20th November 2025**

THE HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INC.

AgriBio, 5 Ring Rd, Bundoora, Victoria 3083 Australia
Telephone: (03) 9835 7600 Email: enquiry@holstein.com.au
Website: <http://www.holstein.com.au> ABN 87 455 118 302 REG NO. A14883U

PRESIDENT'S REPORT

Gino Pacitti

President, Hindmarsh Tiers, South Australia

The 2024 / 2025 financial year has been one of reflection, renewal and resolve for Holstein Australia. Our industry continues to navigate significant challenges, from the sustained downturn in live export to fluctuating milk prices and evolving market conditions. Despite these pressures, our members, staff and volunteers have continued to demonstrate the resilience and community spirit that define this Association.

Through a period of transition, the Board's focus has remained clear - to ensure the sustainability of Holstein Australia while maintaining the services, standards and values that members expect. The work undertaken over the past year, which is ongoing, has been about positioning the Association for a strong and stable future, one that reflects both our proud heritage and our readiness to adapt to a changing environment.

Governance and Leadership

During the year, the Board and management team have worked closely to strengthen governance and align operations with financial realities. The Association has experienced a period of adjustment, with changes in leadership and staffing bringing both challenge and opportunity. I would like to acknowledge the dedication of management and the professionalism of our staff, who have maintained service delivery to members through these challenging times.

We also recognise and thank those directors, committee members and employees who concluded their service during the year. Their contribution to Holstein Australia, and to the advancement of the Holstein breed nationally, is greatly appreciated.

Financial and Organisational Performance

The ongoing impact of the live export downturn has placed considerable pressure on income, requiring the Association to review its cost structure and staffing levels carefully. These measures have not been easy, but they have been necessary to ensure long-term sustainability. The Board remains committed to responsible financial management and to ensuring that every decision is made with the best interests of members and the breed in mind.

Despite these pressures, core member services - registrations, classifications and herd recording support - have remained strong, with classification activity increasing significantly during the year. Initiatives such as EasyReg and the ILRonline upgrade have continued to improve efficiency and member convenience, reflecting the Association's focus on continual improvement even in challenging conditions.

Strategic Direction

This year has also seen important progress in defining Holstein Australia's future direction.

The Board of Holstein Australia has undertaken a review of the Association's services in response to a significant financial loss in the 2024–25 year.

The review purpose is to ensure the long-term sustainability of the organisation.

Key focus areas include:

- Prioritising core activities of membership, registrations, and classification, while continuing to support the social connections that are central to Holstein Australia.
- Assessing all services to determine their ongoing value and role in the future.
- Implementing necessary operational changes, which may include restructuring staff roles.
- Reviewing product and service pricing to ensure the Association operates on at least a break-even basis.

The work undertaken by the Board, and Management, has commenced the implementation of the strategic plan. Over the ensuing year, and beyond, the Board will continue to monitor performance of the Association, the underlying market for our products and services, and adjust our operations accordingly.

It is critically important, for the long-term sustainability of Holstein Australia, that our members, committees, sub branches and industry partners work together to achieve our ambitions of ensuring that our Association remains relevant, resilient and respected within the dairy industry.

Member and Industry Engagement

The strength of Holstein Australia lies in its people. Across the country, members, classifiers, sub branch volunteers and youth participants continue to contribute to a vibrant and supportive community. Events such as Holstein Highlights and youth development programs demonstrate the passion and pride that exist within our breed.

I also acknowledge the valuable collaboration between Holstein Australia and our industry partners, including the National Herd Improvement Association of Australia, Jersey Australia, and the Australian Dairy Youth Association. These partnerships play a vital role in advancing shared objectives.

Looking Ahead

The coming year will see continued focus on embedding operational efficiencies and strengthening member engagement. While challenges remain, I am confident that Holstein Australia is now better positioned to meet them.

On behalf of the Board, I extend sincere thanks to our members for their loyalty and support; to our committees and volunteers for their time and expertise; and to our staff, whose commitment ensures the continued delivery of quality services. Together, we are building a stronger, more sustainable future for Holstein Australia and for the next generation of dairy farmers.

AUDIT & FINANCE REPORT

Phil Hall

Representative, the Audit and Finance Committee, Wokalup, WA

Summary

The Association reported a loss of \$341,881 in 2024/25 mainly due to continued poor live export trading conditions. Total income reduced by \$700,000, however operating expenses were also lower by \$300,000.

The Association's Balance Sheet continues to be in a solid position with total equity of \$4 million, down \$400,000 on the previous year. This was largely due to lower cash reserves reflecting the low level of live export activity, which required the withdrawal of funds from the investment portfolio to fund operating expenses. The investment portfolio with Perpetual continues to deliver reasonable results.

Sales revenue

Membership

It was good to see that package fees rose slightly and subscriptions remained stable against the previous year.

Live Export

There was a significant decrease in live export this year with less shipments of heifers to China. The issue of few live export certificates represented a reduction of \$295,092 compared to the previous financial year, whilst income from inspections was down \$181,511. There was, however, an increase in registrations in export to other countries, such as Indonesia.

Classification

Classification had a good year with income up over \$100,000 compared to the previous year, as a result of a very busy period during Spring.

Genomics

Genomic Testing had an average year with a reduction in income of 20% or \$97,020.

Registration and Transfers

Income from registrations decreased by \$70,452. This was driven by a lower farmgate milk price, however it was a pleasing result considering the higher input costs.

Expenses

Classification

Expenses for classification were up \$27,155 against the previous year. Whilst operating expenses in relation to salaries and travel were actually lower, classification system expenses were \$90,000 higher. Last year, the majority of the classification system expenses were included under project costs due to the development of the new classification system.

Export Services

The decrease in live export expenses is a result of the fact Holstein invoices exporters on behalf of its partners in the Memorandum of Understanding for Live Exports to China, and this is reflected in the reduction of those outgoing costs.

Regional Support

This year the organisation contributed nearly \$10,000 more than last year to support regional Holstein branches.

Youth Development Program

Holstein also spent an additional \$6,000 this year in youth development program expenses compared to last year.

Marketing and Journal

There was a fall in Marketing and Journal expenses by \$110,000, which is mainly explained by the decrease in marketing staff this year from two to one.

Projects

Project costs were very minimal this year, with the only project costs being \$5,000 to update the Human Resources policies.

Investment fund performance

The Association's managed fund performed well, with a gain made on the fund of \$174,157.

Balance Sheet

Our managed fund decreased in value overall by \$160,000 due to withdrawals totaling \$630,000 to fund operating expenses, however this was partially offset by gains made on the fund. Total borrowings increased by \$125,000 due to a loan taken out to fund the purchase of 3 new Toyota RAV4s for the classifiers. Provisions for annual leave and long service leave also fell by \$56,000 due to three long term staff leaving.

Summary and Outlook Ahead

The change in live export income has had a substantial impact on the financial results of the Association. This has been partially mitigated by a strong year for Classification and a gain made on the investment portfolio.

In June 2025, the Board engaged consultants to perform a strategic review, and a number of the recommendations from the review have already been implemented. These include a decrease in the number of management and marketing staff and Board expenses being capped for the year. In addition to the strategic review, the organisation is also distributing a joint journal with Jersey to members this year, as opposed to the stand alone Holstein journal last year.

Live export is also expanding into other countries this year such as Turkey, with export in the first quarter of 2025/26 performing better than budgeted. As at September 2025, the organisation has made a profit for the year to date and is ahead of budget.

Interim CEO Report

John Crowther

Holstein- Friesian Association of Australia, Bundoora, VIC

The 2024–2025 financial year has been one of transition and recalibration for Holstein Australia. Against a backdrop of continued market volatility—particularly the downturn in live export—the Association has remained focused on maintaining high-quality services for members, managing resources responsibly, and ensuring the long-term sustainability of operations.

Through this period, our staff have continued to demonstrate professionalism, adaptability, and commitment to our members. Strategic planning undertaken during the year has provided a clearer path forward for Holstein Australia, focused on delivering core services efficiently while positioning the Association to adapt to a changing industry environment.

Staff Operations

Our staff continue to play a vital role in driving service delivery and shaping the overall member experience. The ongoing impact of the live export downturn has continued to place pressure on Association income, leading to further reductions in staffing levels during the financial year.

At the start of the year, Holstein Australia employed 12.5 full-time equivalents, which reduced to 10.3 by end June 2025, following the departures of Rohan Butler (CEO), Leanne Summerville (Classifier Coordinator), Miranda Clark (Genetic Services Officer). With Shane Patten (Classifier) finishing up start of July 2025. I would like to sincerely thank Rohan, Leanne, Miranda, and Shane for their years of dedicated service and their significant contributions to the Association.

As part of the strategic review, staffing levels continue to be assessed in line with income and expenditure to ensure the Association operates sustainably. The focus remains on maintaining the quality and consistency of service delivery our members expect, while continuing to provide value and support across all areas of activity.

Annual Operating Plan

EasyReg

The implementation of the EasyReg service for Holstein members has been well received, continuing to grow as a more time-efficient and productive registration option. EasyReg improves data accuracy through direct integration with available sources, ensuring that animal information is correct and up to date. Members have embraced this service as a practical way to manage herd records and maintain registrations with minimal administrative burden.

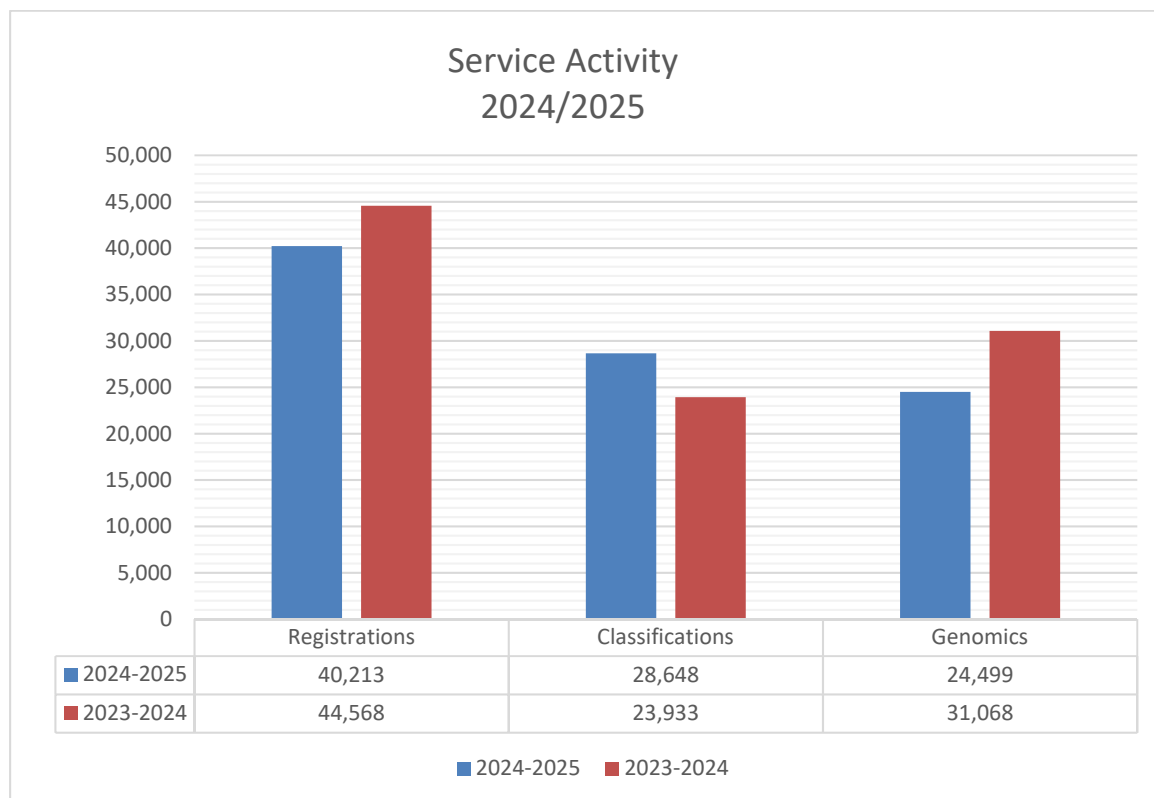
Journal

The Holstein *Journal* published its final standalone issue in June 2025. From September 2025, it has transitioned into the new **Australian Dairy Breeds Journal**, produced in partnership with other breed associations. This collaboration has reduced printing and production costs while strengthening industry unity - bringing together the wider dairy community through shared stories, event coverage, and recognition of achievement.

Live Export

The entire industry is well aware of the decline in live export, which has had a significant impact on Holstein Australia's economic performance. There is encouraging signs for the market opening up into Turkey and further increase of heifer numbers for export to Indonesia.

Member Services



Registrations

Animal registrations were down approximately 4% for the financial year, performing relatively well given the lower milk prices experienced throughout the year. Key developments included:

- Introduction of a new ILRonline update, allowing members easier access to herd and membership details, and enabling more frequent inventory updates.
- Requirement for registered Holsteins, shipped to several international destinations.
- Growing adoption of EasyReg, particularly valued during peak on-farm periods for its convenience and efficiency.
- Ongoing support from office and classification staff assisting members in maintaining accurate registration records.

Classification

Classification numbers increased by approximately 30% compared to the previous year, reflecting strong spring demand and renewed engagement from members. Operational changes implemented for classifiers have enhanced scheduling efficiency, enabling better time utilisation and improved member consultation. These updates are ensuring members continue to receive consistent, timely, and high-quality classification services.

Genomics

Genomics have further reduced throughout the financial year. One key factor for the downturn may be the reduction in the China export market. There is possibility of an uptake from other export markets basing heifer selection off genomic results.

Summary

The 2024–2025 year has brought significant operational and structural change for Holstein Australia. As we enter the year ahead, the focus remains on stability, sustainability, and the continued delivery of high-quality member services.

Positive service activity over the first four months of the 2025/26 financial year reflects some of the operational changes made throughout the 2024/25 year and indicates some key focus points outlined from the Strategic Review.

Furthermore outlining the need for Members to be involved and engaged in these core services to ensure that HA is sustainable into the future.

Our staff and committees are committed to streamlining processes, enhancing efficiency, and ensuring that members continue to receive the value, expertise, and personal support that have long defined Holstein Australia.

Thankyou

John Crowther.

Breed Development & Conformation Committee Report

Garry Carpenter-Chair

Gunns Plains, Tasmania

The 2024–25 year has been one of consolidation and progress for the Breed Development & Conformation Committee (BDCC), with the Committee maintaining a strong focus on classification consistency, data integrity and the continued development of Holstein Australia's breed programs.

Despite broader challenges across the dairy and genetics sectors, the BDCC has continued to guide the classification program, review competition frameworks and contribute to industry initiatives aimed at strengthening the breed's genetic and functional attributes.

Classification

The classification program remains central to the Association's breed development activities. Over the past year, classification numbers increased by around 30 per cent year-on-year, reflecting strong engagement across most regions.

Implementation of the Canadian classification update continued smoothly, delivering improved accuracy and alignment with international standards. The Committee, along with the classification team, undertook a detailed review of linear trait data and classifier performance to ensure ongoing consistency and reliability.

Following the internal review, a formalised process for classifier score disputes has been developed for inclusion in the Classification Handbook and quarterly classifier workshops have been introduced to strengthen communication, accuracy and team collaboration.

Breed Development

The All-Australian Photographic Competition continues to highlight excellence in Holstein breeding and presentation, attracting approximately 190 entries this year. Following member feedback, the Committee and Board agreed to revert to the 2023–24 competition rules, removing the requirement for raw image submission while maintaining clear judging guidelines to preserve fairness and integrity.

Judging the All-Australian Photographic Competition presents unique challenges, balancing the assessment of animal conformation with the influence of photographic presentation. Judges must carefully distinguish between the quality of the cow and the quality of the image, evaluating structure, balance and breed character while allowing for variations in lighting, angle and environment.

The increasing use of digital enhancement and editing tools has added complexity, reinforcing the importance of clear rules, transparency and consistency in judging. By maintaining a focus on the animal rather than the photograph, and through the continued refinement of competition guidelines, Holstein Australia is working to ensure the integrity and credibility of this long-standing and valued member competition.

Ricky Nelson joined the judging panel this year alongside Daniel Holmes and Andrew Koch. The Committee also progressed updates to the National Judges Panel and supported planning for the next national judging school.

The Committee provided input into the 2024 National Breeding Objective review undertaken by DataGene, including discussion on fertility, fat-to-protein ratio and teat length traits. Work also continued to examine correlations between BPI and classification scores to ensure both genetic and phenotypic measures contribute effectively to breed improvement.

Governance and Industry Collaboration

The Committee approved an amendment to its Terms of Reference during the year to clarify quorum requirements and improve governance transparency. It also engaged with industry partners on matters including NASIS herd bull data, the Australian Dairy Breeding Stock Register's Code of Ethics review, and ongoing alignment between classification, data systems and national breeding priorities.

Acknowledgements

I would like to thank my fellow Committee members for 2024 / 2025 - Bill Morgan, Scott Somerville, Brett Cirillo and Wes Brown - along with management and the classification team for their commitment and professionalism throughout the year.

The BDCC remains dedicated to upholding the highest standards of classification and breed development within Holstein Australia, ensuring that the Holstein breed continues to lead the industry in genetic merit, structure and functionality.

**HOLSTEIN-FRIESIAN
ASSOCIATION OF AUSTRALIA INCORPORATED
ABN: 87 455 118 302**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

TABLE OF CONTENTS

| | Page |
|--|------|
| Statement by Members of the Committee | 2 |
| Financial Report | |
| Statement of Profit or Loss and Other Comprehensive Income | 3 |
| Statement of Financial Position | 4 |
| Statement of Changes in Equity | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 |
| Independent Audit Report | 17 |

General information

The financial statements cover Holstein-Friesian Association of Australia Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Holstein-Friesian Association of Australia Incorporated 's functional and presentation currency.

Holstein-Friesian Association of Australia Incorporated is a not-for-profit entity, incorporated and domiciled in Australia. Its registered office and principal place of business is:

AgriBio
5 Ring Rd
Bundoora VIC 3083

The financial statements were authorised for issue, in accordance with a resolution of the Committee. Members of the Committee have the power to amend and reissue the financial statements.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the Members of the Committee the accompanying financial report comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the financial report:

1. Presents a true and fair view of the financial position of Holstein-Friesian Association of Australia Incorporated as at 30 June 2025 and its performance for the year ended on that date in accordance with the Australian Accounting Standards - Simplified Disclosures, other mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board; and
2. At the date of this statement, there are reasonable grounds to believe that Holstein-Friesian Association of Australia Incorporated will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the Committee by:



G. Pacitti
President



P. Hall
Vice President

Dated this 21st day of October 2025

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

| | Note | 2025 \$ | 2024 \$ |
|---|------|-------------------------|-------------------------|
| Revenue | | | |
| Sales revenue | 3 | 2,045,098 | 2,755,263 |
| Other income | 3 | 245,396 | 257,258 |
| Expenses | | | |
| Classification expenses | | (696,585) | (670,027) |
| Technical services expenses | | (625,022) | (737,178) |
| Export services expenses | | (114,270) | (276,815) |
| Member services expenses | | (657,340) | (583,543) |
| Occupancy expenses | | (15,468) | (13,891) |
| Administration & office overhead expenses | | (392,335) | (462,389) |
| Marketing & journal expenses | | (216,586) | (328,030) |
| Project expenses | | - | (242,039) |
| Depreciation & amortisation | | (118,405) | (117,918) |
| Total operating expenses | | (2,836,011) | (3,431,830) |
| Change in market value of investments | 8 | 203,636 | 189,386 |
| Loss from continuing operations | | (341,881) | (229,923) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated | | <u>(341,881)</u> | <u>(229,923)</u> |

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

| | Note | 2025 \$ | 2024 \$ |
|--------------------------------------|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 5 | 443,643 | 450,680 |
| Trade and other receivables | 6 | 337,380 | 392,077 |
| Short-term deposits | | 255,000 | 305,000 |
| Other current assets | 7 | 14,458 | 14,505 |
| Total current assets | | 1,050,481 | 1,162,262 |
| Non-current assets | | | |
| Financial assets | 8 | 3,280,790 | 3,441,078 |
| Plant and equipment | 9 | 183,766 | 245,293 |
| Right-of-use assets | 10 | 128,836 | 168,478 |
| Intangible assets | 11 | 29,587 | 45,839 |
| Total non-current assets | | 3,622,979 | 3,900,688 |
| Total assets | | 4,673,460 | 5,062,950 |
| Current liabilities | | | |
| Trade and other payables | 12 | 164,100 | 226,519 |
| Borrowings | 13 | 27,307 | — |
| Provisions | 14 | 173,335 | 232,294 |
| Lease liabilities | 15 | 42,820 | 30,647 |
| Total current liabilities | | 407,562 | 489,460 |
| Non-current liabilities | | | |
| Borrowings | 13 | 97,665 | — |
| Provisions | 14 | 20,052 | 17,185 |
| Lease liabilities | 15 | 80,253 | 146,496 |
| Total non-current liabilities | | 197,970 | 163,681 |
| Total liabilities | | 605,532 | 653,141 |
| Net assets | | 4,067,928 | 4,409,809 |
| Equity | | | |
| Retained surpluses | | 4,067,928 | 4,409,809 |
| Total equity | | 4,067,928 | 4,409,809 |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

| | Retained surpluses \$ | Total equity \$ |
|--|--------------------------------------|--------------------------------|
| Balance at 1 July 2023 | 4,639,732 | 4,639,732 |
| Operating loss for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated | (229,923) | (229,923) |
| Other comprehensive income for the year | — | — |
| Total comprehensive loss for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated | (229,923) | (229,923) |
| Balance at 30 June 2024 | <u>4,409,809</u> | <u>4,409,809</u> |
| Operating loss for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated | (341,881) | (341,881) |
| Other comprehensive income for the year | — | — |
| Total comprehensive loss for the year attributable to the members of Holstein-Friesian Association of Australia Incorporated | (341,881) | (341,881) |
| Balance at 30 June 2025 | <u>4,067,928</u> | <u>4,067,928</u> |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

| | Note | 2025 \$ | 2024 \$ |
|---|------|------------------------------|------------------------------|
| Cash flows from operating activities | | | |
| Receipts from operations | | 2,173,244 | 2,832,874 |
| Dividends and distributions received | | 159,504 | 104,130 |
| Interest received | | 12,443 | 7,968 |
| Interest paid on lease liabilities | | (7,597) | (12,120) |
| Payments to suppliers and employees | | <u>(2,828,456)</u> | <u>(3,356,768)</u> |
| Net cash used in operating activities | 21 | <u>(490,862)</u> | <u>(423,916)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of plant and equipment | | – | 97,037 |
| Payments for plant and equipment | | (1,004) | (146,192) |
| Proceeds from withdrawal from investments | | 630,000 | – |
| Proceeds from financial assets | | 235,832 | 526,836 |
| Payments for financial assets | | <u>(451,905)</u> | <u>(584,417)</u> |
| Net cash from / (used in) investing activities | | <u>412,923</u> | <u>(106,736)</u> |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | | (54,071) | (117,751) |
| Proceeds from borrowings | | 149,229 | – |
| Repayment of borrowings | | <u>(24,256)</u> | <u>–</u> |
| Net cash from / (used in) financing activities | | <u>70,902</u> | <u>(117,751)</u> |
| Net decrease in cash and cash equivalents | | (7,037) | (648,403) |
| Cash and cash equivalents at the beginning of the financial year | | <u>450,680</u> | <u>1,099,083</u> |
| Cash and cash equivalents at the end of the financial year | 5 | <u><u>443,643</u></u> | <u><u>450,680</u></u> |

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Material accounting policy information

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Associations Incorporation Reform Act (Vic) 2012* and associated regulations, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Sales

For all Sales items, the Association has a clear contractual obligation to provide services to the customer and recognises revenue in accordance with AASB 15 in the period that those performance obligations are met.

Interest income

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

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

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

Income Tax

The Association is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Material accounting policy information (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the association has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either:

- i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or
- ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch.

Fair value movements are recognised in profit or loss.

Impairment of financial assets

The association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment using the depreciation rates as follows:

| Class of Fixed Asset | Depreciation Rate |
|----------------------------------|--------------------------|
| Office Equipment | 6 to 13% |
| Furniture, Fixtures and Fittings | 4 to 6% |
| Computer Equipment | 17 to 35% |
| Buildings Right-of-Use Asset | 10% |

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Material accounting policy information (continued)

Right-of-use asset acquired by lessees – Initial measurement

The Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located

Right-of-use asset – Subsequent measurement

The Association depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Intangible assets

Intangible assets acquired are initially recognised at cost. These assets have a finite life and are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 1. Material accounting policy information (continued)

Employee benefits (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expenses

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Association's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Association reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Association estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, 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.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 3. Revenue

| | 2025 | 2024 |
|--------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Sales | | |
| Package fees | 213,037 | 201,022 |
| Subscriptions | 126,539 | 128,068 |
| Registrations | 502,426 | 572,877 |
| Transfers | 50,293 | 56,292 |
| Export charges | 111,551 | 582,703 |
| Classification | 543,608 | 603,318 |
| Technical services | 394,573 | 493,225 |
| Other operating revenue | 103,071 | 117,758 |
| | <u>2,045,098</u> | <u>2,755,263</u> |
| Other Income | | |
| Interest earned | 13,326 | 18,252 |
| Dividend & distribution income | 159,503 | 104,130 |
| WFI commission | 72,567 | 69,415 |
| Profit on sale of assets | — | 65,461 |
| | <u>245,396</u> | <u>257,258</u> |
| Total Income | <u>2,290,494</u> | <u>3,012,521</u> |

Note 4. Expenses

Operating result before income tax includes the following specific expenses:

| | | |
|---|-------------------------|-------------------------|
| Salaries | 1,115,505 | 1,057,023 |
| Superannuation | 115,017 | 116,053 |
| Employee benefits expenses (included within expenses by function) | <u>1,230,522</u> | <u>1,173,076</u> |

Note 5. Cash and cash equivalents

| | | |
|---------------------------|-----------------------|-----------------------|
| Investment portfolio cash | 16,231 | 151,400 |
| Cash at bank | 427,412 | 299,280 |
| | <u>443,643</u> | <u>450,680</u> |

Note 6. Trade and other receivables

Current

| | | |
|-------------------|-----------------------|-----------------------|
| Trade receivables | 303,088 | 355,414 |
| Other receivables | 34,292 | 36,663 |
| | <u>337,380</u> | <u>392,077</u> |

Note 7. Other current assets

Current

| | | |
|-------------|--------|--------|
| Prepayments | 14,458 | 14,505 |
|-------------|--------|--------|

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 8. Financial assets

| | 2025 \$ | 2024 \$ |
|---------------------------------------|------------------|------------------|
| Non-Current | | |
| Portfolio investment | 3,280,790 | 3,441,078 |
| | 3,280,790 | 3,441,078 |
| <u>Movement of investments</u> | | |
| Balance at beginning of the year | 3,441,078 | 3,194,111 |
| Withdrawal | (630,000) | — |
| Purchases | 483,907 | 514,418 |
| Disposals (Proceeds) | (217,831) | (456,837) |
| Change in market value of investments | 203,636 | 189,386 |
| Balance at end of the year | 3,280,790 | 3,441,078 |

Note 9. Plant and equipment

| | | |
|----------------------------------|----------------|----------------|
| Office Equipment | | |
| At cost | 6,534 | 6,534 |
| Less: Accumulated depreciation | (6,275) | (5,910) |
| | 259 | 624 |
| Computer Equipment | | |
| At cost | 35,813 | 34,829 |
| Less: Accumulated depreciation | (28,371) | (22,709) |
| | 7,442 | 12,120 |
| Furniture, Fixtures and Fittings | | |
| At cost | 174,505 | 174,505 |
| Less: Accumulated depreciation | (113,850) | (96,399) |
| | 60,655 | 78,106 |
| Motor Vehicles | | |
| At cost | 201,590 | 201,590 |
| Less: Accumulated depreciation | (86,180) | (47,147) |
| | 115,410 | 154,443 |
| Total Plant and equipment | 183,766 | 245,293 |

Movements in carrying amounts

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

| | Office Equipment \$ | Computer Equipment \$ | Furniture, Fixtures & Fittings \$ | Motor Vehicles \$ | Total \$ |
|-------------------------------|---------------------------|-----------------------------|--|-------------------------|----------------|
| Balance at beginning of year | 624 | 12,120 | 78,106 | 154,443 | 245,293 |
| Additions | — | 1,004 | — | — | 1,004 |
| Write down | — | (20) | — | — | (20) |
| Depreciation expense | (365) | (5,662) | (17,451) | (39,033) | (62,511) |
| Balance at end of year | 259 | 7,442 | 60,655 | 115,410 | 183,766 |

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 10. Right-of-use assets

| | 2025 | 2024 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Right-of-use assets – building lease | 366,688 | 366,688 |
| Accumulated amortisation | (237,852) | (198,210) |
| | <u>128,836</u> | <u>168,478</u> |

Movements in carrying amounts

Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year.

| | Building Lease | Total |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance at beginning of year | 168,478 | 168,478 |
| Amortisation | (39,642) | (39,642) |
| Balance at end of year | <u>128,836</u> | <u>128,836</u> |

Note 11. Intangible assets

| | 2025 | 2024 |
|------------------------------|---------------|---------------|
| | \$ | \$ |
| Database System and Software | 707,170 | 707,170 |
| Accumulated Amortisation | (677,583) | (661,331) |
| | <u>29,587</u> | <u>45,839</u> |

Movements in carrying amounts

| | | |
|-------------------------------|---------------|---------------|
| Balance at beginning of year | 45,839 | 62,090 |
| Amortisation | (16,252) | (16,251) |
| Balance at end of year | <u>29,587</u> | <u>45,839</u> |

Note 12. Trade and other payables

Current

| | | |
|--------------------------------------|----------------|----------------|
| Trade payables | 67,706 | 119,294 |
| BAS payable | 37,025 | 36,510 |
| Sundry payables and accrued expenses | 50,899 | 62,796 |
| Member fees in advance | 8,470 | 7,919 |
| | <u>164,100</u> | <u>226,519</u> |

Note 13. Borrowings

Current

| | | |
|----------------|---------------|---|
| Equipment loan | <u>27,307</u> | – |
|----------------|---------------|---|

Non-current

| | | |
|----------------|---------------|---|
| Equipment loan | <u>97,665</u> | – |
|----------------|---------------|---|

The loan identified above represents the bank loan secured over motor vehicles currently used as part of the Association's operations.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 14. Provisions

| | 2025 | 2024 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Provision for annual leave | 104,033 | 119,510 |
| Provision for long service leave | 69,302 | 112,784 |
| | 173,335 | 232,294 |
| Non-current | | |
| Provision for long service leave | 20,052 | 17,185 |

Note 15. Lease liabilities

| | | |
|------------------------|---------------|----------------|
| Current | | |
| Office lease liability | 42,820 | 30,647 |
| | 42,820 | 30,647 |
| Non-current | | |
| Office lease liability | 80,253 | 146,496 |
| | 80,253 | 146,496 |

Note 16: Key management personnel disclosures

Compensation

The aggregate compensation made to members of key management personnel of the Association is set out below:

| | 2025 | 2024 |
|------------------------|-------------|-------------|
| | \$ | \$ |
| Aggregate compensation | 296,615 | 246,580 |

Transactions with related parties

Other than amounts paid to key management personnel there were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by DFK Kidsons Partnership, the auditor of the Association:

| | 2025 | 2024 |
|-----------------------------------|---------------|---------------|
| | \$ | \$ |
| <i>Audit services</i> | | |
| Audit of the financial statements | 13,400 | 13,100 |
| Other audit related services | — | 9,250 |
| | <u>13,400</u> | <u>22,350</u> |

Note 18. Contingent liabilities and contingent assets

The Association had no specific contingent liabilities or contingent assets as at 30 June 2025 and 30 June 2024.

Note 19. Commitments

The Association had no commitments for expenditure as at 30 June 2025 and 30 June 2024.

Note 20. Events after the end of the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Note 21. Reconciliation of result for the year to net cash inflow / (outflow) from operating activities

| | 2025 | 2024 |
|--|------------------|------------------|
| | \$ | \$ |
| Comprehensive result for the year | (341,881) | (229,923) |
| Non-cash movements | | |
| Depreciation and amortisation | 118,405 | 117,918 |
| (Gain) / loss on financial assets | (203,636) | (189,386) |
| Profit on sale of plant and equipment | — | (65,461) |
| Write down of plant and equipment | 20 | 1,322 |
| Movements in assets & liabilities | | |
| (Increase)/decrease in receivables | 54,694 | (2,088) |
| (Increase)/decrease in prepayments | 47 | 1,262 |
| Increase/(decrease) in payables | (62,419) | (62,140) |
| Increase/(decrease) in provisions | (56,092) | 4,580 |
| Net cash (outflow)/inflow in operating activities | <u>(490,862)</u> | <u>(423,916)</u> |

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HOLSTEIN-FRIESIAN ASSOCIATION OF AUSTRALIA INC.**

Opinion

We have audited the financial report of Holstein-Friesian Association of Australia Inc. which comprises the statement of financial position as at 30 June 2025, 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 material accounting policy information, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of Holstein-Friesian Association of Australia Inc., is in accordance with the *Associations Incorporation Reform Act (Vic) 2012*, including:

- (a) gives a true and fair view of the financial position of the Association as at 30 June 2025, and of its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures.

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 Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2025, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 Association 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 those charged with governance 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.

DFK Kidsons Partnership

DFK Kidsons Partnership
Chartered Accountants

Melbourne
21 October 2025

Michael L Port

Michael L Port
Partner