

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Financial Statements

For the Year Ended 31 December 2010

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

For the Year Ended 31 December 2010

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The Arabian Horse Society of Australia Limited

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Directors' Report

Your directors present this report on the company for the financial year ended 31 December 2010.

General information

Directors

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

Names	Appointed/Resigned
Mrs C Gordon (Senior Vice Chairman)	
Bro. P McIntosh	resigned 17 March 2010
Mr R K Smith (Vice Chairman)	
Mrs J Marsh	
Mrs L Currie (Treasurer)	
Miss K Luckock (Chairman)	
Mr A Preston	
Mrs J Bromley	
Mrs V Males	resigned 17 March 2010
Mrs S Ahel	
Ms N Kinnear	appointed 17 March 2010
Ms C Potts	appointed 17 March 2010

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

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Harold Williamson has worked for The Arabian Horse Society of Australia Limited for the past 6 years, performing Company Secretary and Management roles. Mr Williamson was appointed on 7 August 2005.

Principal Activities

The principal activities of The Arabian Horse Society of Australia Limited during the financial year were the maintenance of the purity and promotion of the improvement and popularity of the Arabian Horse in Australia. The compilation and maintenance of Stud Books, Registers and records of pure bred Arabian horses and their derivatives and the publication of the Arabian Horse News.

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

Operating Results

The loss of The Arabian Horse Society of Australia Limited amounted to \$71,081.

Dividends Paid or Declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

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Directors' Report

Review of Operations

A review of the operations of company during the financial year and the results of those operations show the company resumed the Australian Championships which increased revenue and expenditure.

Significant Changes in State of Affairs

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

After Balance Date Events

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

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 7.

Options

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

Information on Directors

Mrs C Gordon (Senior Vice
Chairman)

Partner in farming business, Pure Arabian and Anglo breeder (37 years), Arabian feature writer, published Author, show announcer. President of Qld Crabbet Group (20 years), Life Member Downs Arabian Club (2008). National Panel Judge since (1982). Director 1983 - 1987, 1990 - 1992, 1994 - 2010. Life member (1998). Past Chairman 2006 - 2009. Vice Chairman 1999 - 2000, 2003 - 2005. Senior Vice Chairman 1995 - 1999, 2001 - 2002. Chairman JEC 1996 - 2000, 2003 - 2004. Chairman Promotions Committee 2001 - 2002, 2009 - 2010.

Special Responsibilities

Member of Management, Registry, JEC, Website and Archives Committees.

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Directors' Report

Information on Directors (continued)

Bro. P McIntosh	
Experience	Retired School Principal and Member of the De La Salle Brothers since 1947, Member of the AHSA Ltd since 1976, Founder of the La Salle Arabian Stud in 1976, Director since 1998, Senior Vice Chairman 2001, National Panel Judge. Breeder of the Purebred and Derivative Arabian.
Special Responsibilities	Chairman of the JEC 2001 - 2002, 2005 - 2009. Member of the registry, promotions, membership and archives committees.
Mr R K Smith (Vice Chairman)	
Experience	Farrier, Horse Trainer, Director since 1990, Arabian Horse Breeder, Endurance enthusiast, member of Society since 1969, Life member, Senior Vice Chairman 1992, Vice Chairman 1993, 1995, 1998, 2002. Chairman JEC 1996 & 2000. Treasurer 2007 - 2008.
Special Responsibilities	Member of the JEC, Show Grading's, Management, Registry and Junior Development Committees.
Mrs J Marsh	
Experience	Retired Farmer and Bus Contractor, Member of the AHSA Ltd since 1964, Committee Member of the WA Arabian Horse Assn Inc since 1978, Chairman 2000-2005.
Special Responsibilities	Member of the Championships, Show Grading's, Junior Development and Promotion Committees.
Mrs L Currie (Treasurer)	
Experience	Partner in a farming business, Arabian horse breeder since 1976. Director since 2003 and Treasurer 2004 - 2006 & 2009 - 2010. Organiser of the Elwyn Bligh Horse of the Year for 20 years. Newsletter Editor AHA (Q) Inc and also in this committee previously for many years. QLD Crabbet Group Show Organiser/Ringmaster 1999 - 2010 and Catalogue preparation and Scoring for Bundaberg & District Arabian Horse Club 2006 - 2009. Queensland Judges Panel for six years.
Special Responsibilities	Member of the Championships, Junior Development, Promotions, News & Website Committees. 2004 Started and helped develop our current show program which is ongoing.

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Directors' Report

Information on Directors (continued)

Miss K Luckock (Chairman)

Experience

Partner in a family agricultural business. Hereford and Poll Hereford breeder, Arabian horse breeder, member of the society since 1981, Director since 2001, Vice Chairman 2006 - 2007. Senior Vice Chairman 2008. Chairman Youth Development Committee 2001 - 2009.

Special Responsibilities

Chairman Junior Development Committee. Member of Management, Championships, JEC and Promotions Committees.

Mr A Preston

Experience

CEO of the family company for 12 years. Past director on the board of PCIA. Managing Director of Nalla Pet Resort & Nalla Arabian Pty Ltd for 24 years. Owner and manager of Nalla Stud Farm for 32 years. Professional experience in events management. A degree in psychology. A degree in business management. Lecturer for the PCIA on business operation. Equestrian competitor for 35 years. Involvement with the Arabian Horse for more than 40 years. Arabian Horse Breeder for 24 years. Member of the AHSA since 1985. AHSA National Panel Judge, EFA/Hack council national panel judge. Regular attendance at major Arabian horse events and shows around the world, including Europe, the Middle East, the USA and South America. Director since 2007.

Special Responsibilities

Member of the Championships, JEC, Youth Promotions & Archives Committees.

Mrs J Bromley

Experience

Partner in family business. Director since 2002, Member of Society since 1974, Breeder, Vice President Arabian Horse Promotional Assn of Victoria.

Special Responsibilities

Chairman of the Championships and member of the Promotion Committee.

Mrs V Males

Experience

Arabian Horse Breeder since 1953, National Panel Judge since 1972, Director from 1979-1980, Society member since 1960, life member 1993, Honorary Member NSW Arabian Horse Association, Life Member Australian Endurance Riders Association, AOM

Special Responsibilities

Member of the JEC, Registry Committees. Member of the membership sub-committee.

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Directors' Report

Information on Directors (continued)

Mrs S Ahe!	30 years involved with breeding and owning Arabian horses. 10 years running The Tasmanian Arabian Action Club. Arabian Studs - 15 years as Oyster Bay Arabians and 10 years as Baring Court Arabians. Delegate at 1996 WAHO Conference. Steward at 9 Australian Championships. AHSA Judge since 1999. National Panel Judge since 2006. Director 1993 - 1998 & 2009 - 2010.
Special Responsibilities	Member of JEC, Championships and Membership Committees.
Ms N Kinnear	Member of JEC 6yrs, Chairman JEC 2010, Pure bred & Derivative Arabian Breeder for 25 years, Liaison NSW Arabian Judges Council 6 years, National Panel Judge, EA Hack Council Judge, Served on various affiliate committees for approximately 20 years.
Special Responsibilities	Chairman JEC, Member Championships Committee, Archives, Registry
Ms C Potts	AHSA Director since 2010. CEO of a member based, not for profit organization. Arabian owner/breeder/exhibitor since the 1960's. Arabian judge since 1976, and started the SA Arabian judges group to educate and train up and coming judges in 2004. Currently Newsletter editor for SA Arabs and has previously held various positions, including Secretary. SA Arabian Championship's Show Secretary for the past 3 years.
Special Responsibilities	Member of JEC, Promotions committee Chairperson, Australian Championships committee.

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Directors' Report Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Mrs C Gordon (Senior Vice Chairman)	7	7
Bro. P McIntosh	1	2
Mr R K Smith (Vice Chairman)	7	7
Mrs J Marsh	7	7
Mrs L Currie (Treasurer)	7	7
Miss K Luckock (Chairman)	7	7
Mr A Preston	7	7
Mrs J Bromley	7	7
Mrs V Males	2	2
Mrs S Ahel	7	7
Ms N Kinnear	6	6
Ms C Potts	6	6

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

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

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

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

Director: *K. M. Luckock*

Miss K Luckock (Chairman)

Director: *L. Currie*

Mrs L Currie (Treasurer)

Dated this *24th* day of February 2011

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Priestley & Morris

Priestley & Morris
Chartered Accountants

M A Nevill

M A Nevill
Partner

Dated this*24th*..... day of February 2011

Level 7
3 Horwood Place
Parramatta NSW 2150

The Arabian Horse Society of Australia Limited

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Statement of Comprehensive Income

For the Year Ended 31 December 2010

		2010	2009
	Note	\$	\$
Revenue	2	1,081,459	1,034,519
Other income	2	33,390	28,374
Cost of Sales		(104,058)	(99,119)
Employee costs	3(a)	(421,315)	(396,750)
Depreciation, amortisation and impairments	3(a)	(41,465)	(45,945)
Event Expenses		(198,100)	(180,874)
Printing, postage & stationery expenses		(112,827)	(107,720)
Insurance Expenses		(130,052)	(98,436)
Director Expenses		(28,918)	(29,203)
Advertising and marketing expenses		(42,147)	(50,125)
Lease expenses		(9,900)	(8,568)
Property & building expenses		(16,226)	(12,060)
Other expenses		(78,602)	(79,866)
Finance costs		(2,320)	(1,899)
Profit before income tax		(71,081)	(47,672)
Income tax expense		-	-
Profit for the year		(71,081)	(47,672)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(71,081)	(47,672)

The accompanying notes form part of these financial statements

The Arabian Horse Society of Australia Limited

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Statement of Financial Position

As At 31 December 2010

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	55,239	143,068
Trade and other receivables	5	5,235	-
Inventories	6	53,280	51,778
Other current assets	7	35,609	5,455
Total current assets		<u>149,363</u>	<u>200,301</u>
Non-current assets			
Property, plant and equipment	8	1,009,340	896,368
Total non-current assets		<u>1,009,340</u>	<u>896,368</u>
TOTAL ASSETS		<u>1,158,703</u>	<u>1,096,669</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	233,034	232,445
Borrowings	10	5,621	20,811
Short-term provisions	11	50,800	46,000
Total current liabilities		<u>289,455</u>	<u>299,256</u>
Non-current liabilities			
Borrowings	10	39,116	-
Other long-term provisions	11	9,200	5,400
Total non-current liabilities		<u>48,316</u>	<u>5,400</u>
TOTAL LIABILITIES		<u>337,771</u>	<u>304,656</u>
NET ASSETS		<u>820,932</u>	<u>792,013</u>
EQUITY			
Reserves	17	462,584	362,584
Retained earnings		358,348	429,429
TOTAL EQUITY		<u>820,932</u>	<u>792,013</u>

The accompanying notes form part of these financial statements

The Arabian Horse Society of Australia Limited

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Statement of Changes in Equity

For the Year Ended 31 December 2010

2010				
	Retained Earnings	Capital Profits Reserve	Asset Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 1 January 2010	429,429	136,903	225,681	792,013
Total comprehensive loss for the year	(71,081)	-	-	(71,081)
Revaluation increment	-	-	100,000	100,000
Balance at 31 December 2010	358,348	136,903	325,681	820,932

2009				
	Retained Earnings	Capital Profits Reserve	Asset Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 1 January 2009	477,101	136,903	225,681	839,685
Total comprehensive loss for the year	(47,672)	-	-	(47,672)
Balance at 31 December 2009	429,429	136,903	225,681	792,013

The accompanying notes form part of these financial statements

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Statement of Cash Flows

For the Year Ended 31 December 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,211,286	1,126,300
Payments to suppliers and employees		(1,275,206)	(1,098,248)
Interest received		4,492	5,872
Interest paid		(2,319)	(1,899)
Net cash (used in) provided by operating activities	14	<u>(61,747)</u>	<u>32,025</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(18,846)</u>	<u>(30,508)</u>
Net cash used in investing activities		<u>(18,846)</u>	<u>(30,508)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease commitments		<u>(7,236)</u>	<u>(7,465)</u>
Net cash used in financing activities		<u>(7,236)</u>	<u>(7,465)</u>
OTHER ACTIVITIES			
Net decrease in cash held		(87,829)	(5,948)
Cash and cash equivalents at beginning of financial year		<u>143,068</u>	<u>149,016</u>
Cash and cash equivalents at end of financial year	4	<u><u>55,239</u></u>	<u><u>143,068</u></u>

The accompanying notes form part of these financial statements

The Arabian Horse Society of Australia Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Statement of Significant Accounting Policies

(a) General information

The financial statements are for The Arabian Horse Society of Australia Limited as an individual entity, incorporated and domiciled in Australia. The Arabian Horse Society of Australia Limited is a company limited by guarantee.

(b) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(c) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods 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.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Subscription income from members is recognised over the period of the subscription. The subscription year is January to December, which is in line with the company's financial year.

Stallion return income is recognised proportionately to the processing of returns.

Bloodtyping and DNA fees in advance are recognised after twelve months have passed and no bloodtyping or DNA has been processed.

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Stud Book stock for volumes 1-25 and the Arabian Horse in Australia books 1-6 have been fully provided for.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Statement of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

As the revalued buildings are depreciated the difference between depreciation recognised in the statement of comprehensive income which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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 revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. 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.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Statement of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued) Depreciation

The depreciable amount of all fixed assets, excluding buildings and freehold land, is depreciated on a straight-line or diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10% - 30% (diminishing)
Furniture, Fixtures and Fittings	10% (diminishing)
Motor Vehicles	15% (straight line)
Computer Equipment	30% (diminishing)
Computer Software	30% (diminishing)
Archive Property	20% (diminishing)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes 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 revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Statement of Significant Accounting Policies (continued)

(g) Financial Instruments

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(h) Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bond with terms to maturity that match the expected timing of cash flows.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Statement of Significant Accounting Policies (continued)

(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.

(k) 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 asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the company.

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
2 Revenue		
Operating Activities		
- registry fees	442,800	460,800
- member subscriptions	316,686	278,992
- championship income	181,033	153,542
- insurance receipts	128,024	125,555
- promotional sales	5,856	8,736
- interest received	4,492	5,872
- youth amateur cards	7,091	7,309
- roll of merit fees	1,361	1,515
- web income	41	227
- leases, registry fees, merchandise	27,465	20,345
Total Revenue	<u>1,114,849</u>	<u>1,062,893</u>
3 Profit for the Year		
(a) Expenses		
Depreciation and Amortisation		
Depreciation - plant and equipment	2,595	2,965
Depreciation - furniture, fixtures and fittings	1,107	1,187
Depreciation - motor vehicles	6,633	6,818
Depreciation - computer equipment	4,595	6,016
Depreciation - computer software	24,750	26,727
Depreciation - archive property	1,785	2,232
Total depreciation	<u>41,465</u>	<u>45,945</u>
Employee costs	<u>421,315</u>	<u>396,750</u>
Rental expense on operating leases		
minimum lease payments	9,900	9,900
contingent rentals	-	4,581
Total rental expense on operating lease	<u>9,900</u>	<u>14,481</u>
Audit Remuneration		
auditing the financial report	9,900	9,000
other services	4,000	4,230
Total audit remuneration	<u>13,900</u>	<u>13,230</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
4 Cash and Cash Equivalents		
Cash on hand	231	426
Cash at bank	55,008	142,642
	<u>55,239</u>	<u>143,068</u>
5 Trade and Other Receivables		
CURRENT		
Other receivables	5,235	-
	<u>5,235</u>	<u>-</u>
6 Inventories		
CURRENT		
At net realisable value		
Inventory	170,015	168,513
Provision for impairment	(116,735)	(116,735)
	<u>53,280</u>	<u>51,778</u>
7 Other Assets		
CURRENT		
Prepayments	35,609	5,455
	<u>35,609</u>	<u>5,455</u>
8 Property, Plant and Equipment		
LAND AND BUILDINGS		
Freehold land and buildings		
At fair value	850,000	750,000
Total land and buildings	<u>850,000</u>	<u>750,000</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	50,404	50,420
Less accumulated depreciation	(30,099)	(27,520)
Total plant and equipment	<u>20,305</u>	<u>22,900</u>
Furniture, fixture and fittings		
At cost	19,714	19,714
Less accumulated depreciation	(9,751)	(8,644)
Total furniture, fixture and fittings	<u>9,963</u>	<u>11,070</u>
Motor vehicles		
At cost	46,502	45,456

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
8 Property, Plant and Equipment (continued)		
Less accumulated depreciation	(2,769)	(30,682)
Total motor vehicles	<u>43,733</u>	<u>14,774</u>
Computer equipment		
At cost	102,460	99,619
Less accumulated depreciation	(90,178)	(85,583)
Total computer equipment	<u>12,282</u>	<u>14,036</u>
Computer software		
At cost	235,061	219,056
Less accumulated depreciation	(169,146)	(144,395)
Total computer software	<u>65,915</u>	<u>74,661</u>
Archive Property		
At cost	17,970	17,970
Less accumulated depreciation	(10,828)	(9,043)
Total property, archive property	<u>7,142</u>	<u>8,927</u>
Total plant and equipment	<u>159,340</u>	<u>146,368</u>
Total property, plant and equipment	<u>1,009,340</u>	<u>896,368</u>

Land and buildings were revalued on 28 February 2011 by Kohler Bird Valuers Pty Ltd. The property was valued at market value of 850,000.

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$

8 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

	Land & Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment
	\$	\$	\$	\$	\$
Balance at the beginning of year	750,000	22,900	11,070	14,774	14,036
Additions	-	-	-	46,502	2,841
Depreciation	-	(2,595)	(1,107)	(6,633)	(4,595)
Disposal	-	-	-	(10,910)	-
Revaluation increase recognised in equity	100,000	-	-	-	-
Carrying amount at the end of year	<u>850,000</u>	<u>20,305</u>	<u>9,963</u>	<u>43,733</u>	<u>12,282</u>

	Computer Software	Archive Property	Total
	\$	\$	\$
Balance at the beginning of year	74,661	8,927	896,368
Additions	16,004	-	65,347
Depreciation	(24,750)	(1,785)	(41,465)
Disposal	-	-	(10,910)
Revaluation increase recognised in equity	-	-	100,000
Carrying amount at the end of year	<u>65,915</u>	<u>7,142</u>	<u>1,009,340</u>

The Arabian Horse Society of Australia Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
9 Trade and Other Payables		
CURRENT		
Unsecured liabilities		
Trade payables	23,051	40,210
GST payable	7,684	873
Accrued employee entitlements	47,000	49,000
Sundry payables and accrued expenses	48,461	28,803
Revenue in advance	106,838	113,559
	<u>233,034</u>	<u>232,445</u>
10 Borrowings		
CURRENT		
Lease liabilities	<u>5,621</u>	<u>20,811</u>
NON-CURRENT		
Lease liabilities	<u>39,116</u>	<u>-</u>
11 Provisions		
		Employee entitlements
		\$
Opening balance at 1 January 2010		51,400
Additional provisions		<u>8,600</u>
Balance at 31 December 2010		<u>60,000</u>
Analysis of Total Provisions		
Current	50,800	46,000
Non-current	9,200	5,400
	<u>60,000</u>	<u>51,400</u>

The Arabian Horse Society of Australia Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
12 Capital and Leasing Commitments		
(a) Finance Lease Commitments		
Payable - minimum lease payments		
- no later than 12 months	9,419	21,742
- between 12 months and 5 years	48,139	-
Minimum lease payments	57,558	21,742
Less future finance changes	(12,821)	(931)
Present value of minimum lease payments	<u>44,737</u>	<u>20,811</u>

The finance lease is in respect of a motor vehicle.

(b) Operating Lease Commitments

Non-cancelable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	9,900	9,900
- between 12 months and 5 years	9,075	18,975
	<u>18,975</u>	<u>28,875</u>

The operating leases represent leases payable on two photocopiers.

13 Key Management Personnel Compensation

2010	Short-term benefits	Other long-term benefits	Total
	Cash, salary & commissions		
	\$	\$	\$
	90,722	3,959	94,681

2009	Short-term benefits	Other long-term benefits	Total
	Cash, salary & commissions		
	\$	\$	\$
	93,210	5,323	98,533

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
14 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net loss for the year	(71,081)	(47,672)
Non-cash flows in profit		
Depreciation	41,465	45,945
(Profit)/loss on sale of property, plant and equipment	(4,429)	111
changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(5,235)	1,218
(Increase)/decrease in prepayments	(30,154)	347
Increase in inventories	(1,502)	(16,677)
Increase in trade and other payables	589	16,000
Increase in deferred income	-	23,353
Increase in provisions	8,600	9,400
	<u>(61,747)</u>	<u>32,025</u>

15 Controlled Entities

Name	Country of incorporation	Percentage Owned 2010	Percentage Owned 2009
Subsidiaries:			
The Arabian Racing and Jockey Club Pty Limited	Australia	100%	100%

The subsidiary company is dormant at year end and has been dormant throughout the year. The investment has no value.

The Arabian Horse Society of Australia Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2010

		2010	2009
		\$	\$
16 Financial Risk Management			
The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.			
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:			
	Note		
Financial Assets			
Cash and cash equivalents	4	55,239	143,068
Other receivables	5	5,235	-
Total Financial Assets		<u>60,474</u>	<u>143,068</u>
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	9	233,034	232,445
Finance lease obligation	10	44,737	20,811
Total Financial Liabilities		<u>277,771</u>	<u>253,256</u>

(a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

(b) Net Fair Values

The net fair values of:

- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

(c) Financial liability and asset maturity analysis

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2010

16 Financial Risk Management (continued)

(c) Financial liability and asset maturity analysis (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	79,196	69,886	-	-
Finance lease liabilities	5,621	20,811	39,116	-
Total contractual outflows	84,817	90,697	39,116	-
Total expected outflows	84,817	90,697	39,116	-
Financial assets - cash flows realisable				
Cash and cash equivalents	55,239	143,068	-	-
Net (outflow)/inflow on financial instruments	(29,578)	52,371	(39,116)	-
	Over 5 Years		Total	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	-	-	79,196	69,886
Finance lease liabilities	-	-	44,737	20,811
Total contractual outflows	-	-	123,933	90,697
Total expected outflows	-	-	123,933	90,697
Financial assets - cash flows realisable				
Cash and cash equivalents	-	-	55,239	143,068
Net (outflow)/inflow on financial instruments	-	-	(68,694)	52,371

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
17 Reserves		
Revaluation reserve	325,681	225,681
Capital profits reserve	136,903	136,903
	<u>462,584</u>	<u>362,584</u>

18 Company Details

Registered office

The registered office of the company is:

The Arabian Horse Society of Australia Limited
226 George Street
Windsor NSW 2756

19 Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 each towards any outstanding obligations of the company. At 31 December 2010 the number of members was 3,739 (2009: 3,755).

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 26, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2010 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director *K. M. Luckock*
K Luckock

Director *L. Currie*
L Currie

Dated this *24th* day of February 2011

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Independent Audit Report to the members of The Arabian Horse Society of Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of The Arabian Horse Society of Australia Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 was provided to the directors of The Arabian Horse Society of Australia Limited at the same date of this auditor's report.

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Independent Audit Report to the members of The Arabian Horse Society of Australia Limited

Auditor's Opinion

In our opinion the financial statements of The Arabian Horse Society of Australia Limited are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Priestley & Morris

Priestley & Morris
Chartered Accountants

M A Nevill

M A Nevill
Partner

Dated this^{24th}..... day of February 2011

Level 7
3 Horwood Place
Parramatta NSW 2150

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

For the Year Ended 31 December 2010

Disclaimer

The additional financial data presented on the following pages is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2010. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than The Arabian Horse Society of Australia Limited) in respect of such data, including any errors or omissions therein however caused.

Priestley & Morris

Priestley & Morris
Chartered Accountants

M A Nevill

M A Nevill
Partner

Dated this *24th* day of February 2011

Level 7
3 Horwood Place
Parramatta NSW 2150

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Detailed trading account

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
PROMOTIONAL MATERIAL		
Promotional Sales	15,580	18,578
Less: Cost of sales		
Purchases	(37,897)	(14,920)
Net trading profit from promotional material	<u>(22,317)</u>	<u>3,658</u>
ROLL OF MERIT		
Enrolment fees	1,361	1,009
Trophies and awards	(3,279)	(4,166)
Net trading profit from roll of merit	<u>(1,918)</u>	<u>(3,157)</u>
AUSTRALIAN NATIONAL ARABIAN CHAMPIONSHIPS		
Championship Income		
Administration	8,263	11,617
Entry fees	51,300	47,687
Stable fees	44,712	43,546
Bedding	11,886	8,525
Sponsorship	23,940	17,196
Dinner	4,851	7,555
Swabbing	4,391	4,077
Numbers	1,696	1,626
Trade tents	1,991	1,200
Facility fee	-	4,595
Cabins and camping	22,199	-
Sundry championship income	5,666	5,373
	<u>180,895</u>	<u>152,997</u>
Less: championship expenses		
St John Ambulance	900	1,468
Australian Judges	2,863	3,262
Bedding	10,121	8,270
Caravans	3,267	2,182
Catalogue	6,188	5,227
Dinner	8,685	7,431
Helpers expenses	2,976	3,726
Hire marquee	22,000	22,064
Hostess and Judges Hospitality/Accommodation	13,009	12,083
Overseas judges	4,476	3,773
Sashes	18,569	17,295

This Detailed Trading Account should be read in conjunction with the attached Disclaimer

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Detailed trading account

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
Security	-	3,378
Stables	45,616	34,471
Sundry items	1,930	1,094
Swabbing and vet	1,635	2,626
Trophies	19,252	19,060
Venue hire	7,837	15,411
Plant hire	2,310	-
Cabins and camping	14,230	-
Cleaning	2,865	-
Trade stalls	555	-
	<u>189,284</u>	<u>162,821</u>
Net trading loss from Championships	<u>(8,389)</u>	<u>(9,824)</u>
LOSS FROM TRADING ACCOUNTS	(32,624)	(9,323)
REGISTRY INCOME		
Transfers	89,325	92,074
Stallion returns & fees	54,900	59,746
Mare registration	87,835	84,170
Stallion registration	40,575	42,961
Mare returns	541	1,265
Foal recordings	30,591	27,209
Gelding registration	21,648	25,792
Exported horse fees	16,607	10,689
Leases	8,810	11,543
DNA (net)	14,004	19,527
Hair storage fees	3,268	3,132
Imported horses	7,141	11,650
Stud prefixes	6,808	5,787
A.I. Documents	2,582	4,455
Duplicate certificates	3,791	4,227
Embryo transfers	764	1,045
Sundry registry income	1,264	1,136
A.I. Fees	532	614
Pedigree certificates	125	150
Total registry fees	<u>391,111</u>	<u>407,172</u>

This Detailed Trading Account should be read in conjunction with the attached Disclaimer

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Detailed trading account

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
OTHER INCOME		
Member subscriptions	316,686	278,992
Insurance receipts	128,024	125,555
Interest received	4,492	5,872
Youth amateur card	7,091	7,309
Web income	41	227
Other revenue	9,209	(313)
TOTAL OTHER INCOME	856,654	824,814
TOTAL INCOME	824,030	815,493
OTHER EXPENSES		
Advertising expenses	12,368	14,455
Arabian horse news production costs	59,172	62,680
Auditors remuneration	14,790	11,930
Bank charges	10,295	10,532
Cleaning	4,513	4,470
Computer expenses	10,848	9,557
Consulting and professional fees	8,760	7,619
Depreciation	41,465	45,945
Director expenses	28,918	29,203
Donations	1,500	2,825
Electricity	5,264	4,490
Filing fees	1,550	382
Finance costs	2,320	1,899
Fringe benefits tax	6,386	6,443
General expenses	2,089	2,792
Insurance expenses	130,052	98,436
Lease expenses	9,900	9,900
Maintenance of equipment	1,127	1,208
Marketing expenses	29,779	35,670
Motor vehicle expenses	8,854	7,597
National panel judges expenses	5,347	6,098
Postage	20,216	19,152
Printing	30,166	27,197
Rates & taxes	2,681	2,776
Repairs to building	2,640	724

This Detailed Trading Account should be read in conjunction with the attached Disclaimer

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Detailed trading account

For the Year Ended 31 December 2010

	2010	2009
	\$	\$
Salary and wages	383,228	370,472
Security costs	1,705	1,805
Staff amenities	5,306	3,211
Staff training	(599)	1,224
Stationery	3,273	3,053
Subscriptions	837	3,219
Superannuation contributions	32,300	30,983
Telephone and fax	8,679	12,990
Travelling expenses	-	271
Equitana	5,913	13,609
WAHO expenses	(2,444)	(1,653)
TOTAL OTHER EXPENSES	<u>(895,111)</u>	<u>(863,164)</u>
NET DEFICIT	<u>(71,081)</u>	<u>(47,671)</u>

This Detailed Trading Account should be read in conjunction with the attached Disclaimer