

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Financial Statements

For the Year Ended 31 December 2011

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

For the Year Ended 31 December 2011

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The Arabian Horse Society of Australia Limited

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Directors' Report

Your directors present their report on The Arabian Horse Society of Australia Limited for the financial year ended 31 December 2011.

Information on directors

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

C Gordon	Chairman
Qualifications	Secondary School Teacher and Administrator for 15 years Partner in grain and cotton farming business for 30 years
Experience	Arabian horse breeder for 40 years. AHSA Director since 1983. Honorary Life Member of the AHSA 1998. National Panel Judge since 1982. AHSA Chairman 2006 – 2009, 2011. Past Vice-Chairman, Senior Vice-Chairman, Chairman of JEC, Promotions and Archives. President and Hon Life Member of Queensland Crabbet Group for 20 years. Honorary Life Member of Downs Arabian Club.
Special responsibilities	Member of Management and Registry Committees Ex-officio on all Committees
S Ahel	Vice Chairman
Experience	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.
J Bromley	Director
Experience	Member of AHSA since 1974. Breeder, Director since 2002. Past Committee Member of VAHA and AHPAV. Partner in family business.
Special responsibilities	Championship (Past Chairman for 6 years) Promotions and Youth Committees
L Currie	Senior Vice Chairman
Experience	Arabian horse breeder since 1976. Director since 2003. Treasurer 2004-2006 and 2009-2010. Organized Elwyn Bligh Horse of the Year for 20 years. Member of AHAQ for over 20 years acting as Treasurer, Newsletter Editor & Committee Member. Helped develop current computer show programme and renders assistance to affiliates that use the programme. Varied business experience including Accounting from 1958 to 2012. Bookkeeper for Service Station/Garage, Butcher, Concrete & Asphalt Sawing, Cabinetmaking, Farming, Farrier, Development Company, Mobile Food Businesses. Set up the Computer Accounting System for a Hotel Group in Fiji in 1998. Owner of Service Stations and Farming Business.
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)

G Martini	Director
Qualifications	Certificate in Office Management Level Two Tour Guide
Experience	Arabian horse breeder since 1971. Member of the Arabian Horse Society of Australia since 1965. Served on the Victorian Arabian Horse Association Committee for 29 years as Secretary for 7 years and Chairman for 9 years. Life member of VAHA Arabian Horse Society Distinguished Service Award. Arabian Judge for over 35 years. Member of the Judges Executive. Arabian Horse Society Judges' Examiner. Retired E.F.A. Judge. Director since 2011.
Special responsibilities	Chairman Australian Arabian Championships. Member of the JEC and Archives Committees.
K Grieve	Director
Experience	Primary school teacher (early childhood) for 27 years, owner/manager of family day care business for 2 years, ex-swimming instructor, ex-pony club instructor. Owner of arabian and derivatives for over 30 years, member of AHSA since 1986, past committee member WAAHA for 10 years. Show rider, dressage competitor, SHC judge. Involved with Youth, Championship and JEC.
V Dodson	Director
Experience	Professional Gardener since 1980. Head Gardener at Westminster House, British High Commissioner's Residence, Canberra 2008-2011. Endurance Rider since 1985 Arabian horse breeder since 1986. AHSA member since 1984. Recipient of Distinguished Service Award in 2009. Director of National Arabian Racehorse Association since 2000. Director AHSA 2004, 2005 and 2011.
Special responsibilities	Member of Registry, Archives, Membership and Promotions Sub Committees.
N Kinnear	Director
Experience	Member of JEC for 7 years. Chairman of JEC 2010-2011. Chief Examiner. Member of the Society and Breeders of Purebred and Derivative Arabian for 25 years. National Panel Judge. EA Hack Council Judge. Served on various affiliate committees for 20 years.
Special responsibilities	Chairman of JEC, Archives and Registry
K Luckock	Director
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.

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Directors' Report

Information on directors (continued)

C Potts	Director
Qualifications	Post Graduate Diploma in Marketing. Diploma in Marketing. Advertising Diploma. Diploma in Public Relations.
Experience	Member of AHSA since mid 1960. AHSA National Panel Judge since 1976. Chair SA Arabs Inc. CEO of member based not-for-profit organisations.
Special responsibilities	Chairman of Marketing and Promotions Committee. Member of Championships Committee. Member of JEC.
J Marsh	Director
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.
A Preston	Treasurer
Qualifications	Degree in Business Management, Degree in Psychology
Experience	Member of the AHSA since 1985. Director for AHSA since 2007. A past director for PCIA. Lecturer for PCIA on business operations, procedures & management. 28 years experience in the Pet care industry. CEO of the Preston family group of companies. Managing Director of Nalla Pet Resorts Australia. Director of Nalla Arabians Pty Ltd. Director for the Arabian horse Breeders Alliance of Australasia. Involvement with the Arabian horse for more than 40 years. Arabian horse breeder for 26 years. National Panel Judge AHSA. National Judge EFA, National Judge Hunter Horse Association. Member of WAHO. International experience with show management, procedures & adjudication. Represented AHSA Internationally as a judge. Extensive global travel adjudicating & researching the Arabian horse.
Special responsibilities	Member of Management, Registry, Championships, Judges Executive and Archive Committees.
R K Smith	Director
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.

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Directors' Report

Principal activities

The principal activity 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 changes in the nature of the entity's activity occurred during the financial year.

Short term objectives

The company's short term objectives are to:

- To maintain a Purebred Stud Book and Derivative Registries.
- To participate in promotional events involving the wider community.
- To produce an annual National Championships Show.
- To train and educate judges for our shows.
- To involve youth with Arabian horses.

Long term objectives

The company's long term objectives are to:

- To maintain the purity of the Arabian horse.
- To register and promote Derivative Arabian horses.
- To showcase the versatility of the Arabian breed.
- To achieve breed growth, financial stability and organizational efficiency.
- Brand awareness of the Arabian Horse Society name and logo in the broader community. (e.g. sponsorships, advertisements, facebook, etc.)

Strategy for achieving the objectives

To achieve these objectives, the company has adopted the following strategies:

- Consistency and relevance in the application of the Rules and Regulations within the Registry.
- Maintenance of an online Stud Book that is free and open to all.
- Production of a quarterly publication devoted to Arabian horses.
- Participation in equine events such as Equitana.
- Support for a programme of educating, examining and licensing judges.

The Arabian Horse Society of Australia Limited

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Directors' Report

Strategy for achieving the objectives (continued)

- Prudent management of available funds.

How principal activities assisted in achieving the objectives

The principal activities assisted the company in achieving its objectives by:

- Registering Purebred and Derivative horses.
- Providing venues for members to exhibit Arabian horses.
- Providing opportunities for breed promotion.

Performance measures

The following measures are used within the company to monitor performance:

- Membership numbers achieved.
- Annual horse registration numbers and other markers such as Returns.
- Member participation in events provided.
- Costs of producing and attending events compared to efficacy.
- Sponsorship available and costs of raising sponsorship.

Members guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 31 December 2011 the collective liability of members was \$71,980 (2010: 74,780).

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Directors' Report

Meetings of directors

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

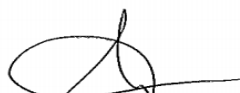
	Directors' Meetings	
	Number eligible to attend	Number attended
C Gordon (Chairman)	5	5
S Ahel (Vice Chairman)	4	5
J Bromley	5	5
L Currie (Senior Vice Chairman)	4	5
G Martini	3	4
K Fletcher Grieve	3	4
V Dodson	3	4
N Kinnear	5	5
K Luckock	1	1
J Marsh	1	1
C Potts	5	5
A Preston (Treasurer)	4	5
R K Smith	1	1

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2011 has been received and can be found on page 7 of the financial report.

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


Director:
C Gordon


Director:
A Preston

Dated this 22nd day of February 2012

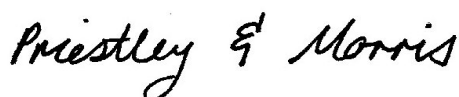
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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the members of The Arabian Horse Society of Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2011, 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
Chartered Accountants



M A Nevill
Partner

Dated this 22nd day of February 2012

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 2011

		2011	2010
	Note	\$	\$
Revenue	2	974,475	1,081,459
Other income	2	19,518	33,390
Raw materials and consumables used		(109,906)	(104,058)
Employee benefits expense	3	(429,653)	(421,315)
Depreciation and amortisation expense	3	(36,719)	(41,465)
Event expenses		(140,686)	(198,100)
Printing, postage and stationery expenses		(105,333)	(112,827)
Insurance expense		(108,211)	(130,052)
Director expenses		(26,094)	(28,918)
Advertising and marketing expenses		(21,565)	(42,147)
Lease expense		(15,876)	(9,900)
Property and building expenses		(12,977)	(16,226)
Other expenses		(74,011)	(78,602)
Finance costs		(3,797)	(2,320)
Loss before income tax		(90,835)	(71,081)
Income tax expense		-	-
Loss for the year		(90,835)	(71,081)
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(90,835)	(71,081)

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 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	18,852	55,239
Trade and other receivables	5	2,000	5,235
Inventories	6	50,407	53,280
Other assets	7	17,445	35,609
TOTAL CURRENT ASSETS		<u>88,704</u>	<u>149,363</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	983,978	1,009,340
TOTAL NON-CURRENT ASSETS		<u>983,978</u>	<u>1,009,340</u>
TOTAL ASSETS		<u>1,072,682</u>	<u>1,158,703</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	235,569	233,034
Borrowings	10	6,148	5,621
Provisions	11	53,650	50,800
TOTAL CURRENT LIABILITIES		<u>295,367</u>	<u>289,455</u>
NON-CURRENT LIABILITIES			
Borrowings	10	32,968	39,116
Provisions	11	14,250	9,200
TOTAL NON-CURRENT LIABILITIES		<u>47,218</u>	<u>48,316</u>
TOTAL LIABILITIES		<u>342,585</u>	<u>337,771</u>
NET ASSETS		<u>730,097</u>	<u>820,932</u>
EQUITY			
Reserves		462,584	462,584
Retained earnings		267,513	358,348
TOTAL EQUITY		<u>730,097</u>	<u>820,932</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 2011

2011

	Retained Earnings	Capital Profits Reserve	Asset Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 1 January 2011	358,348	136,903	325,681	820,932
Total comprehensive loss for the year				
Loss attributable to members	(90,835)	-	-	(90,835)
Total comprehensive loss for the year	(90,835)	-	-	(90,835)
Balance at 31 December 2011	<u>267,513</u>	<u>136,903</u>	<u>325,681</u>	<u>730,097</u>

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				
Loss attributable to members	(71,081)	-	-	(71,081)
Other comprehensive income for the year				
Net gain on revaluation of assets	-	-	100,000	100,000
Total comprehensive (loss) income for the year	(71,081)	-	100,000	28,919
Balance at 31 December 2010	<u>358,348</u>	<u>136,903</u>	<u>325,681</u>	<u>820,932</u>

The accompanying notes form part of these financial statements

The Arabian Horse Society of Australia Limited

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Statement of Cash Flows

For the Year Ended 31 December 2011

	Note	2011 \$	2010 \$
CASH FROM OPERATING ACTIVITIES:			
Receipts from customers		1,105,448	1,204,565
Payments to suppliers and employees		(1,124,416)	(1,268,485)
Interest received		3,356	4,492
Interest paid		(3,797)	(2,319)
Net cash used in operating activities		<u>(19,409)</u>	<u>(61,747)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		<u>(11,357)</u>	<u>(18,846)</u>
Net cash used in investing activities		<u>(11,357)</u>	<u>(18,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of finance lease liabilities		<u>(5,621)</u>	<u>(7,236)</u>
Net cash used in financing activities		<u>(5,621)</u>	<u>(7,236)</u>
Net decrease in cash held		(36,387)	(87,829)
Cash and cash equivalents at beginning of year		<u>55,239</u>	<u>143,068</u>
Cash and cash equivalents at end of financial year	4	<u><u>18,852</u></u>	<u><u>55,239</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 2011

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.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The Arabian Horse Society of Australia Limited has elected to early adopt the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) 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, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 22 February 2012 by the Board.

(b) Revenue

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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).

(c) Inventories

Inventories are measured at the lower of cost and current replacement cost.

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Notes to the Financial Statements

For the Year Ended 31 December 2011

1 Summary of Significant Accounting Policies (continued)

(d) Property, plant and equipment

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

Freehold Property

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

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus of 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 recognised in 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 the 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 and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life 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, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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Notes to the Financial Statements

For the Year Ended 31 December 2011

1 Summary of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation

(e) 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 at the lower of the amounts equal to the fair value of the leased property or 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. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that 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 life of 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.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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Notes to the Financial Statements

For the Year Ended 31 December 2011

1 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(i) 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.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, 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 immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit and loss at this point.

(g) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(h) 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 year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

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

(i) 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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

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Notes to the Financial Statements

For the Year Ended 31 December 2011

1 Summary of Significant Accounting Policies (continued)

(j) 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 Tax 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 statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Income tax

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

(l) 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 the end of the reporting period.

(m) Comparative figures

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

(n) Trade and other payables

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

(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 are 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 evaluation 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 2011

	2011	2010
	\$	\$
2 Revenue and Other Income		
Operating activities		
- registry fees	397,587	442,800
- member subscriptions	308,102	316,686
- championship income	120,026	181,033
- insurance receipts	117,321	128,024
- promotional sales	10,161	5,856
- interest received	3,356	4,492
- youth amateur cards	6,400	7,091
- roll of merit fees	1,516	1,361
- web income	22	41
- leases, registry fees and merchandise	29,502	27,465
Total Revenue and Other Income	993,993	1,114,849
3 Profit for the Year		
Expenses		
Depreciation		
Depreciation - plant and equipment	2,243	2,595
Depreciation - motor vehicles	6,975	6,633
Depreciation - furniture and fixtures	995	1,107
Depreciation - archive property	1,429	1,785
Depreciation - computer equipment	3,689	4,595
Depreciation - computer software	21,388	24,750
Total Depreciation	36,719	41,465
Finance costs	3,797	2,320
Employee benefits expense	429,653	421,315
Rental expense on operating leases	15,876	9,900
4 Cash and Cash Equivalents		
Cash on hand	37	231
Cash at bank	18,815	55,008
	18,852	55,239
5 Trade and Other Receivables		
CURRENT		
Other receivables	2,000	5,235

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2011

	2011	2010
	\$	\$
6 Inventories		
CURRENT		
At net realisable value:		
Inventory	167,142	170,015
Provision for impairment	<u>(116,735)</u>	<u>(116,735)</u>
	<u><u>50,407</u></u>	<u><u>53,280</u></u>
7 Other Assets		
CURRENT		
Prepayments	<u>17,445</u>	<u>35,609</u>
8 Property, Plant and Equipment		
LAND AND BUILDINGS		
Freehold land and buildings		
At fair value	<u>850,000</u>	<u>850,000</u>
Total land and buildings	<u>850,000</u>	<u>850,000</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	50,393	50,404
Accumulated depreciation	<u>(32,332)</u>	<u>(30,099)</u>
Total plant and equipment	<u>18,061</u>	<u>20,305</u>
Furniture, fixture and fittings		
At cost	19,714	19,714
Accumulated depreciation	<u>(10,746)</u>	<u>(9,751)</u>
Total furniture, fixture and fittings	<u>8,968</u>	<u>9,963</u>
Motor vehicles		
At cost	46,502	46,502
Accumulated depreciation	<u>(9,744)</u>	<u>(2,769)</u>
Total motor vehicles	<u>36,758</u>	<u>43,733</u>
Computer equipment		
At cost	102,460	102,460
Accumulated depreciation	<u>(93,867)</u>	<u>(90,178)</u>
Total computer equipment	<u>8,593</u>	<u>12,282</u>
Computer software		
At cost	246,418	235,061
Accumulated depreciation	<u>(190,533)</u>	<u>(169,146)</u>
Total computer software	<u>55,885</u>	<u>65,915</u>
Archive property		

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2011

	2011	2010
	\$	\$
8 Property, Plant and Equipment (continued)		
At cost	17,970	17,970
Accumulated depreciation	<u>(12,257)</u>	<u>(10,828)</u>
Total archive property	<u>5,713</u>	<u>7,142</u>
Total plant and equipment	<u>133,978</u>	<u>159,340</u>
Total property, plant and equipment	<u><u>983,978</u></u>	<u><u>1,009,340</u></u>

Land and buildings were revalued at 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 2011

8 Property, Plant and Equipment (continued)

Movements in Carrying Amounts

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

	Land	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Computer Software	Archive Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	850,000	20,305	9,963	43,733	12,282	65,915	7,142	1,009,340
Additions	-	-	-	-	-	11,357	-	11,357
Depreciation expense	-	(2,244)	(995)	(6,975)	(3,689)	(21,387)	(1,429)	(36,719)
Carrying amount at the end of the year	<u>850,000</u>	<u>18,061</u>	<u>8,968</u>	<u>36,758</u>	<u>8,593</u>	<u>55,885</u>	<u>5,713</u>	<u>983,978</u>

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2011

		2011	2010
		\$	\$
9 Trade and Other Payables			
CURRENT			
Trade payables	14	14,136	23,051
GST payable	14	7,867	7,684
Employee benefits		47,000	47,000
Accrued expenses	14	47,217	48,461
Revenue in advance		119,349	106,838
		<u>235,569</u>	<u>233,034</u>
10 Borrowings			
CURRENT			
Lease liabilities		<u>6,148</u>	<u>5,621</u>
NON-CURRENT			
Lease liabilities		<u>32,968</u>	<u>39,116</u>
11 Provisions			
		Employee entitlements	Total
		\$	\$
Opening balance at 1 January 2011		60,000	60,000
Additional provisions		<u>7,900</u>	<u>7,900</u>
Balance at 31 December 2011		<u>67,900</u>	<u>67,900</u>
Analysis of total provisions			
		2011	2010
		\$	\$
Current		53,650	50,800
Non-current		<u>14,250</u>	<u>9,200</u>
		<u>67,900</u>	<u>60,000</u>

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2011

	2011	2010
	\$	\$
12 Capital and Leasing Commitments		
(a) Finance lease commitments		
Payable - minimum lease payments:		
- no later than 1 year	9,419	9,419
- between 1 year and 5 years	<u>38,720</u>	<u>48,139</u>
Minimum lease payments	48,139	57,558
Future finance charges	<u>(9,023)</u>	<u>(12,821)</u>
Minimum lease payments	<u><u>39,116</u></u>	<u><u>44,737</u></u>

The finance lease is in respect of a motor vehicle.

(b) Operating lease commitments

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

Payable - minimum lease payments:

- no later than 1 year	17,470	9,900
- between 1 year and 5 years	<u>69,881</u>	<u>9,075</u>
	<u><u>87,351</u></u>	<u><u>18,975</u></u>

The operating leases represent leases payable on two photocopiers.

13 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the company is \$ 94,681 (2010: \$ 94,681).

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Notes to the Financial Statements

For the Year Ended 31 December 2011

		2011	2010
		\$	\$
14 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	18,852	55,239
Other receivables	5	2,000	5,235
Total financial assets		<u>20,852</u>	<u>60,474</u>
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	9	69,220	79,196
- Borrowings	10	39,116	44,737
Total financial liabilities		<u>108,336</u>	<u>123,933</u>
15 Reserves			
Revaluation reserve		325,681	325,681
Capital profits reserve		136,903	136,903
		<u>462,584</u>	<u>462,584</u>

16 Controlled Entities

(a) Controlled entities

	Country of Incorporation	Percentage Owned (%)* 2011	Percentage Owned (%)* 2010
Subsidiaries:			
The Arabian Racing and Jockey Club Pty Limited	Australia	100%	100%

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

17 Company Details

The registered office of the company is:

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

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Directors' Declaration

In accordance with a resolution of the directors of The Arabian Horse Society of Australia Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 23, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
 - b. give a true and fair view of the financial position as at 31 December 2011 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

C Gordon



Director

A Preston

Dated this 22nd day of February 2012

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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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*, which has been given to the directors of The Arabian Horse Society of Australia Limited, would be in the same terms if given to the directors as at the time 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

Opinion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Priestley & Morris

Priestley & Morris
Chartered Accountants

M Nevill

M A Nevill
Partner

Dated this 22nd day of February 2012

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 2011

Disclaimer

The additional financial data presented on page 28 to 30 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 2011. 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 of omissions therein however caused.

Priestley & Morris

Priestley & Morris
Chartered Accountants

M A Nevill

M A Nevill
Partner

Dated this 22nd day of February 2012

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 2011

	2011	2010
	\$	\$
PROMOTIONAL MATERIAL		
Promotional Sales	23,834	15,580
Purchases	<u>(31,750)</u>	<u>(37,897)</u>
Net trading loss from promotional material	<u><u>(7,916)</u></u>	<u><u>(22,317)</u></u>
ROLL OF MERIT		
Enrolment fees	1,516	1,361
Trophies and awards	(3,716)	(3,279)
Purchases - Roll of Merit	<u>(1,292)</u>	<u>-</u>
Net trading loss from roll of merit	<u><u>(3,492)</u></u>	<u><u>(1,918)</u></u>
AUSTRALIAN NATIONAL ARABIAN CHAMPIONSHIPS		
Championship income		
Administration	4,790	8,263
Entry fees	37,743	51,300
Stable fees	36,897	44,712
Bedding	2,250	11,886
Sponsorship	14,873	23,940
Dinner	3,641	4,851
Swabbing	2,672	4,391
Numbers	1,076	1,696
Trade tents	4,568	1,991
Cabins and camping	8,480	22,199
Sundry championship income	<u>2,900</u>	<u>5,666</u>
Total Championship Income	<u><u>119,890</u></u>	<u><u>180,895</u></u>
Less: Championship Expenses		
St John Ambulance	(909)	(900)
Australian judges	(2,866)	(2,863)
Bedding	-	(10,121)
Caravans	-	(3,267)
Catalogue	(5,332)	(6,188)
Dinner	(3,742)	(8,685)
Directors and staff	(5,595)	-
Dressage judges	(918)	-
Helpers expenses	(2,747)	(2,976)
Hire Marquee	-	(22,000)
Hostess and judges hospitality/accommodation	(12,873)	(13,009)
Overseas judges	(4,433)	(4,476)
Sashes	(14,838)	(18,569)
Stables	(36,473)	(45,616)
Sundry items	(1,265)	(1,930)
Swabbing and vet	-	(1,635)
Trophies	(14,810)	(19,252)
Venue hire	(8,305)	(7,837)

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 2011

	2011	2010
	\$	\$
Plant hire	-	(2,310)
Cabins and camping	(7,735)	(14,230)
Cleaning	-	(2,865)
Trade stalls	(3,330)	(555)
Total Championship Expenses	(126,171)	(189,284)
Net loss from Championships	(6,281)	(8,389)
LOSS FROM TRADING ACCOUNTS	(17,689)	(32,624)
REGISTRY INCOME		
Transfers	74,100	89,325
Stallion returns and fees	30,145	54,900
Mare registration	96,672	87,835
Stallion registration	33,534	40,575
Mare returns	266	541
Foal recordings	32,639	30,591
Gelding registration	29,349	21,648
Exported horse fees	7,464	16,607
Leases	7,602	8,810
DNA (net)	21,587	14,004
Hair storage fees	2,336	3,268
Imported horses	8,650	7,141
Stud prefixes	4,871	6,808
A.I. documents	2,927	2,582
Duplicate certificates	3,114	3,791
Embryo transfers	1,036	764
Sundry registry income	545	1,264
A.I. fees	682	532
Pedigree certificates	91	125
Total Registry Fees	357,610	391,111
OTHER INCOME		
Member subscriptions	308,102	316,686
Insurance receipts	117,321	128,024
Interest received	3,356	4,492
Youth amateur card	6,400	7,091
Web income	22	41
Other revenue	(100)	9,209
Total Registry and Other Income	792,711	856,654
TOTAL INCOME	775,022	824,030
OTHER EXPENSES		
Advertising expenses	(5,337)	(12,368)
Arabian horse news production costs	(59,091)	(59,172)
Auditors remuneration	(12,245)	(14,790)
Bank charges	(9,928)	(10,295)

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 2011

	2011	2010
	\$	\$
Cleaning	(4,050)	(4,513)
Computer expenses	(6,088)	(10,848)
Consulting and professional fees	(5,846)	(8,760)
Depreciation	(36,719)	(41,465)
Director expenses	(26,094)	(28,918)
Donations	-	(1,500)
Electricity	(5,369)	(5,264)
Equitana	(21,841)	(11,826)
Filing fees	(1,115)	(1,550)
Finance costs	(3,797)	(2,320)
Fringe benefits tax	(4,129)	(6,386)
General expenses	(3,899)	(2,089)
Insurance expenses	(108,211)	(130,052)
Lease expenses	(15,876)	(9,900)
Maintenance of equipment	(1,178)	(1,127)
Marketing expenses	(16,228)	(29,779)
Motor vehicle expenses	(8,920)	(8,854)
National panel judges expenses	(5,563)	(5,347)
Postage	(19,984)	(20,216)
Printing	(23,520)	(30,166)
Rates and taxes	(1,501)	(2,681)
Repairs to building	(879)	(2,640)
Salary and wages	(386,586)	(383,228)
Security costs	(2,020)	(1,705)
Staff amenities	(2,064)	(5,306)
Staff training	444	599
Stationery	(2,738)	(3,273)
Subscriptions	(2,727)	(837)
Superannuation contributions	(39,382)	(32,300)
Telephone and fax	(14,571)	(8,679)
WAHO expenses	(8,805)	2,444
TOTAL OTHER EXPENSES	(865,857)	(895,111)
NET DEFICIT	(90,835)	(71,081)

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