

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Annual Report - 31 December 2015

The Arabian Horse Society of Australia Limited

Directors' report

31 December 2015

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2015.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

A Preston (Chairman)
J Newton (Senior Vice-Chairman)
G Martini (Vice-Chairman)
L Williamson (Treasurer)
V Dodson
K Fletcher Grieve
M Stuart-Smith
T Muller
C A Bilson
Y Downes (appointed 29 March 2015)
S Ahel (resigned 29 March 2015)

Principal Activities

The principal activities of The Arabian Horse Society of Australia Limited during the financial year were the maintenance of breed purity coupled with promotions amid improving the popularity of the Arabian Horse in Australia, the compilation and the maintenance of the Stud Books, Registers and records of pure bred Arabian horses and their derivatives and the publication of the Arabian Horse News along with the distribution of a Quarterly members newsletter the members bulletin.

No significant changes in the nature of the entity's activity occurred during the financial year.

Objectives

The company's short term objectives are to:

- To maintain a Purebred Stud Book and the Derivative Registries.
- To participate in promotional events involving the wider community.
- To promote and assist in the production of shows.
- To encourage the training and education of judges for Arabian shows.
- To involve youth with Arabian horses.
- To encourage others breed registries to become involved with the AHSA.

The company's long term objectives are to:

- To maintain the purity of the Arabian horse.
- Encourage the production of Arabian horses.
- To register and promote Derivative Arabian horses.
- To showcase the versatility of the Arabian breed.
- To achieve ongoing breed growth.
- Maintain financial stability and organisational efficiency.
- Brand awareness of the Arabian Horse Society name and logo in the broader community. (e.g. sponsorships, advertisements, social media 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.
- Active involvement with the World Arabian Horse Organisation.
- Global awareness of Australian bred Arabian Horses.
- Maintenance of an online Stud Book that is free and available to the general public.
- Involvement in the Production of a quality publication devoted to the Arabian horse in Australia.
- Support & involvement in a programme that educates, examines and licenses Arabian horse judges. Strategic planning for the growth & ongoing development of a health investment portfolio.
- Prudent management of available funds.

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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 avenues for members to exhibit Arabian horses.
- Providing opportunities for breed promotion.
- Industry growth and marketplace awareness.

Performance measures

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

- Membership numbers achieved.
- New member involvement.
- Breed inquiries directly or indirectly.
- Annual horse registration numbers and other markers such as Returns.
- Member participation in events provided.
- Costs of producing and attending events compared to efficacy.
- Import & export statistics.
- International interest in events & in Australia breeding programs.
- Sponsorship available and costs of raising sponsorship.

Information on directors

Name:	A Preston
Title:	Chairman
Qualifications:	Degree in Business Management, Degree in Psychology. Experienced in Project Management & as an Events Co-ordinator.
Experience and expertise:	Member of the AHSA since 1985. Director for AHSA since 2007 with three years as Treasurer & the past two years as Chairman. A past Director for PCIA, Lecturer for PCIA on business operations, Procedures & Management. 32 years experience in Company Management. Retired CEO of the Preston group of companies. Managing director of Nalla Pet Resorts Australia. Director of Arabians Pty. Ltd. Involvement with the Arabian Horse for more than 40 years, Arabian Horse breeder for 30 years. National Panel Judge AHSA. National Judge EA, National Judge Hunter Horse Association, Member of WAHO, international experience with show management, procedures & adjudication, Represented Australia in equestrian sport & as a Judge. Extensive global travel adjudicating, as a congress speaker & researching the Arabian horse industry & its registries.
Special responsibilities:	Chairman of the Board, Member of Management, member of Registry, Championships committee, Judges Executive Committee, Archives Committee, Membership & Governance committee, Youth Development committee & The Promotions Committee.
Name:	J Newton
Title:	Senior Vice-Chairman
Qualifications:	Certificate in Equine Studies
Experience and expertise:	Police Officer for 43 years (23 years in SAPOL Mounted Cadre – 10 years as Officer in Charge), Arabian/derivative breeder for 40 years. AHSA member since 1971 breeding derivatives since 1971 and purebreds since 1986. Recipient of Distinguished Service Award in 2009. Arabian Judge since 2008. Director Horse SA, Chairman of SA ARABS Inc for 11+ years
Special responsibilities:	Management, Chairman of Archives Sub Committee, Member of Promotions and Junior development Sub Committee

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Name: G Martini
Title: Vice-Chairman
Qualifications: Certificate in Office Management
Level Two Tour Guide
Experience and expertise: 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: Vice Chairman, Member of JEC, Registry, Promotions and Archives Sub Committees, Chief Judge Examiner.

Name: L Williamson
Title: Treasurer
Qualifications: Certificate IV Government, Certificate IV Work Place Assessor and Upgrade, Certificate III Telecommunications and VMA Certificate in Venue Management
Experience and expertise: Involved in the Arabian Industry since 1968 and have been on National Panel since 1983. President of the AHAQ for 10+ years. Received the Distinguished Service Award in 2007. Competed successfully in many disciplines on Arabians and actively assist in the promotion of the Arabian Horse. 2nd year as Treasurer. Outside of the horse world, managed the Sporting Venues in a large Qld Council responsible for staff and budget management. Established one of the first Swimming Pool Fencing Inspection Programs in Qld.
Special responsibilities: Management Committee, Chairman Championship Sub Committee, Member of JEC and Management and Website Sub Committees.

Name: V Dodson
Title: Director
Experience and expertise: 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, 2011-2014.
Special responsibilities: Member of Registry, Archives and Promotions Sub Committees.

Name: K Fletcher-Grieve
Title: Director
Qualifications: Bachelor of Education
Experience and expertise: B.Ed. (early childhood) for 29 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 and SHC judge. Involved with Youth, Championship and JEC.
Special responsibilities: Chairman of JEC Sub Committee and Member of Website, Registry, Championships and Junior Development Sub Committees.

Name: M Stuart-Smith
Title: Director
Qualifications: Associate Diploma in Horse Husbandry and Management (Roseworthy Ag College)
Experience and expertise: Managing Director Edinburgh Horse Rugs
Manager & Director Springmead Stud Farm
3rd generation in Springmead Stud Farm
Secretary Springmead Riding & Social club
Owner/Manager Horse & Chicken Saddlery
Competed at dressage, endurance, official harness groom, led and ridden bred events.
Special responsibilities: Chairman Promotions Sub Committee and Member of Membership & Governance Sub Committees

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Directors' report

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Name: T Muller (formerly T Keller)
Title: Director
Qualifications: Studied Education, IT and Business
Experience and expertise: Life time involvement with Arabian horses at Eskdale Arabians, including breeding, training, riding, showing and day to day management. Secretary of the Downs Arabian Club Inc since 2010.
Keen supporter of Youth and actively involved in educating young people about horses and promoting equestrian as a sport.
Experienced in Web page construction
Special responsibilities: Chairman Junior Development Sub Committee and Member of Website Sub Committee

Name: C A Bilson
Title: Director
Experience and expertise: Committee member of the Victorian Arabian Horse Association for over 10 years, 2 as Vice President and 5 as Chairman
Involved with the founding of the Show Horse Council of Victoria
Instructor and Trainer competing many different horses to a great success both Arabian and derivative.
Arabian enthusiast for more than 25 years.
Running of shows, marketing, membership drives, fundraising, account keeping and budgets, mediation and PR.
As appointed chairman of the Australian championships committee, this role included the running of the show from start to finish
Special responsibilities: Chairman of Membership and Governance Sub Committee and Member of Championships, Promotions and Marketing Sub Committees

Name: Y Downes (appointed 29 March 2015)
Title: Director
Qualifications: St Johns First Aid Certificate
Experience and expertise: Arabian Horse breeder 40 years. National Panel Judge AHSA Ltd. EA Dressage & Saddle Horse judge. Jumping Equitation Judge. Panel judge Buckskin, Pinto, Miniature Horse & Pony Society. Level 1 Coach EA & PCA. Previous teacher Horse Management Course NSW TAFE. President Tasmanian Crabbet Arabian Group. Secretary Burnie Ag Show Horse Committee. Life member South Coast (NSW) Equestrian Club & South Coast Arabian Riders & Breeders Society (NSW)
Special responsibilities: Member of Archives and Membership & Governance Sub Committees

Name: S Ahel (resigned 29 March 2015)
Title: Director
Experience and expertise: 33 years involved with breeding and owning Arabian horses. Many years running and helping with the local arabian clubs - Arabian Studs.
15 years as Oyster Bay Arabians.
13 years as Baring Court Arabians.
AHSA Judge since 1999.
National Panel Judge since 2006.
Director 1993 1998 & 2009 2013
Practice Nurse for last five years, previous nursing experience 25 years.
Special responsibilities: Member of JEC, Registry and Championships Sub Committees

The Arabian Horse Society of Australia Limited
 Directors' report
 31 December 2015

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2015, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
A Preston	6	6
J Newton	6	6
G Martini	6	6
L Williamson	6	6
V Dodson	6	5
K Fletcher-Grieve	6	6
M Stuart-Smith	6	6
T Muller	6	5
C A Bilson	6	5
Y Downes (appointed 29/03/2015)	4	4
S Ahel (resigned 29/03/2015)	2	2

Held: represents the number of meetings held during the time the director held office.

Members' Guarantee

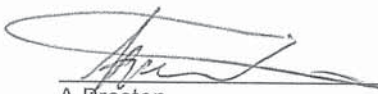
The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company

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 on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors


 A Preston
 Chairman
 29th Feb. 2016


 L Williamson
 Treasurer

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS 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 2015 there have been:

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



William Buck
Chartered Accountants
ABN: 16 021 300 521



M A Nevill
Partner
Sydney, 29 February, 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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The Arabian Horse Society of Australia Limited

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The Arabian Horse Society of Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	4	780,698	967,317
Other income	5	856	139,762
Expenses			
Raw materials and consumables used		(74,730)	(67,273)
Employee benefits expense		(282,201)	(371,091)
Championship expenses		(6,493)	(125,184)
Depreciation and amortisation expense		(16,733)	(33,308)
Printing, postage and stationery expenses		(82,587)	(90,594)
Insurance expense		(58,632)	(60,692)
Director expenses		(20,577)	(24,918)
Impairment loss		560	(34,376)
Relocation expenses		(6,945)	(23,432)
Property and building expenses		(13,413)	(14,465)
Lease expense		(25,942)	(24,104)
Finance costs		(996)	(2,013)
Other expenses		(74,053)	(97,579)
Surplus before income tax expense		118,812	138,050
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of The Arabian Horse Society of Australia Limited	14	118,812	138,050
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of The Arabian Horse Society of Australia Limited		<u>118,812</u>	<u>138,050</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Statement of financial position
As at 31 December 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	572,846	578,212
Inventories	7	6,874	6,314
Total current assets		<u>579,720</u>	<u>584,526</u>
Non-current assets			
Property, plant and equipment	8	649,290	576,486
Total non-current assets		<u>649,290</u>	<u>576,486</u>
Total assets		<u>1,229,010</u>	<u>1,161,012</u>
Liabilities			
Current liabilities			
Trade and other payables	9	152,870	186,297
Borrowings	10	-	18,887
Provisions	11	108,950	108,500
Total current liabilities		<u>261,820</u>	<u>313,684</u>
Non-current liabilities			
Provisions	12	5,050	4,000
Total non-current liabilities		<u>5,050</u>	<u>4,000</u>
Total liabilities		<u>266,870</u>	<u>317,684</u>
Net assets		<u>962,140</u>	<u>843,328</u>
Equity			
Reserves	13	136,903	136,903
Retained surpluses	14	825,237	706,425
Total equity		<u>962,140</u>	<u>843,328</u>

The above statement of financial position should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Statement of changes in equity
For the year ended 31 December 2015

	Asset Revaluation Surplus \$	Capital Profits Reserves \$	Retained profits \$	Total equity \$
Balance at 1 January 2014	325,681	136,903	242,694	705,278
Surplus after income tax expense for the year	-	-	138,050	138,050
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	138,050	138,050
Transfer prior year revaluation increments to asset realisation on sale of freehold property	(325,681)	-	325,681	-
Balance at 31 December 2014	-	136,903	706,425	843,328
		Capital Profits Reserves \$	Retained profits \$	Total equity \$
Balance at 1 January 2015		136,903	706,425	843,328
Surplus after income tax expense for the year		-	118,812	118,812
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the year		-	118,812	118,812
Balance at 31 December 2015		136,903	825,237	962,140

The above statement of changes in equity should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Statement of cash flows
For the year ended 31 December 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		847,972	1,052,682
Payments to suppliers and employees		(753,521)	(1,016,131)
Interest received		8,747	3,883
Interest paid		(996)	(2,013)
		<u>102,202</u>	<u>38,421</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment	8	(102,181)	(534,819)
Proceeds from disposal of property, plant and equipment		13,500	1,002,821
		<u>(88,681)</u>	<u>468,002</u>
Net cash from/(used in) investing activities			
Cash flows from financing activities			
Payment of finance lease liabilities		(18,887)	(7,356)
		<u>(18,887)</u>	<u>(7,356)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(5,366)	499,067
Cash and cash equivalents at the beginning of the financial year		<u>578,212</u>	<u>79,145</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>572,846</u></u>	<u><u>578,212</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 1. General information

The financial statements cover The Arabian Horse Society of Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is The Arabian Horse Society of Australia Limited's functional and presentation currency.

The Arabian Horse Society of Australia Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2016.

Note 2. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services revenue 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.

Blood typing and DNA fees in advance are recognised after twelve months have passed and no blood typing or DNA has been processed.

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

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

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 2. Significant accounting policies (continued)

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.

Current and non-current classification

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

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

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

Cash and cash equivalents

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

Inventories

Inventories are measured at the lower of cost and net realisable value.

Property, plant and equipment

Land and buildings are shown at cost less subsequent depreciation and impairment for buildings.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated using the depreciation rates as follows:

Building improvements	2.5% (straight line)
Plant and Equipment	10%-30% (diminishing)
Furniture, Fixtures and Fittings	10% (diminishing)
Motor Vehicle	15% (diminishing)
Computer Equipment	30% (diminishing)
Computer Software	30% (diminishing)
Archive Property	20% (diminishing)

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 2. Significant accounting policies (continued)

Trade and other payables

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

Borrowings

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

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and the probability that the employee may not satisfy vesting requirements. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

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

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

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 2. Significant accounting policies (continued)

Comparatives

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

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

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 4. Revenue

	2015	2014
	\$	\$
Registry income	271,669	295,832
Membership income	288,893	340,451
Championship income	14,696	120,916
Insurance income	110,451	116,355
Testing income	79,178	81,143
Promotional sales	5,820	4,880
Interest received	8,766	3,883
Sundry Revenue	1,225	3,857
	<u>780,698</u>	<u>967,317</u>

Note 5. Other income

	2015	2014
	\$	\$
Net gain on disposal of property, plant and equipment	<u>856</u>	<u>139,762</u>

Note 6. Current assets - cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	200	200
Cash at bank	<u>572,646</u>	<u>578,012</u>
	<u>572,846</u>	<u>578,212</u>

Note 7. Current assets - inventories

	2015	2014
	\$	\$
Raw materials - at net realisable value	27,231	36,105
Less: Provision for impairment	<u>(20,357)</u>	<u>(29,791)</u>
	<u>6,874</u>	<u>6,314</u>

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 8. Non-current assets - property, plant and equipment

	2015 \$	2014 \$
Land and buildings - at cost	489,654	489,654
Building improvements - at cost	125,514	39,091
Less: Accumulated depreciation	(2,828)	-
	<u>122,686</u>	<u>39,091</u>
Plant and equipment - at cost	56,191	40,433
Less: Accumulated depreciation	(29,443)	(25,192)
	<u>26,748</u>	<u>15,241</u>
Motor vehicles - at cost	-	46,502
Less: Accumulated depreciation	-	(30,669)
	<u>-</u>	<u>15,833</u>
Computer equipment and software - at cost	253,544	253,544
Less: Accumulated depreciation	(245,681)	(239,801)
	<u>7,863</u>	<u>13,743</u>
Archive Property	17,970	17,970
Less: Accumulated depreciation	(15,631)	(15,046)
	<u>2,339</u>	<u>2,924</u>
	<u>649,290</u>	<u>576,486</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land, Buildings and Building improvements \$	Plant and Equipment and Furniture, Fixtures and Fittings \$	Motor Vehicle \$	Computer Equipment and Software \$	Archive Property \$	Total \$
Balance at 1 January 2015	528,745	15,241	15,833	13,743	2,924	576,486
Additions	86,423	15,758	-	-	-	102,181
Disposals	-	-	(12,644)	-	-	(12,644)
Depreciation expense	(2,828)	(4,251)	(3,189)	(5,880)	(585)	(16,733)
Balance at 31 December 2015	<u>612,340</u>	<u>26,748</u>	<u>-</u>	<u>7,863</u>	<u>2,339</u>	<u>649,290</u>

Property, plant and equipment secured under finance leases

Refer to note 17 for further information on property, plant and equipment secured under finance leases.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 9. Current liabilities - trade and other payables

	2015	2014
	\$	\$
Trade payables	2	8,605
Accrued expenses	43,985	54,297
Revenue in advance	107,621	120,858
GST payable	1,262	2,537
	<u>152,870</u>	<u>186,297</u>

Note 10. Current liabilities - borrowings

	2015	2014
	\$	\$
Current liabilities	-	18,887
	<u>-</u>	<u>18,887</u>

Note 11. Current liabilities - provisions

	2015	2014
	\$	\$
Annual leave	35,700	39,000
Long service leave	73,250	69,500
	<u>108,950</u>	<u>108,500</u>

Note 12. Non-current liabilities - provisions

	2015	2014
	\$	\$
Long service leave	5,050	4,000
	<u>5,050</u>	<u>4,000</u>

Note 13. Equity - reserves

	2015	2014
	\$	\$
Capital profits reserve	136,903	136,903
	<u>136,903</u>	<u>136,903</u>

Note 14. Equity - retained surpluses

	2015	2014
	\$	\$
Retained surpluses at the beginning of the financial year	706,425	568,375
Surplus after income tax expense for the year	118,812	138,050
Retained surpluses at the end of the financial year	<u>825,237</u>	<u>706,425</u>

Note 15. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 15. Financial Risk Management (continued)

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:

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents	<u>572,846</u>	<u>578,212</u>
	2015	2014
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	45,249	65,439
Borrowings	<u>-</u>	<u>18,887</u>
Total financial liabilities	<u>45,249</u>	<u>84,326</u>

Note 16. Contingent liabilities

The company had no contingent liabilities as at 31 December 2015 and 31 December 2014.

Note 17. Capital and Leasing Commitments

The company had no significant commitments for expenditure as at 31 December 2015 and 31 December 2014.

	2015	2014
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	29,813	27,351
One to five years	<u>27,329</u>	<u>52,424</u>
	<u>57,142</u>	<u>79,775</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	<u>-</u>	<u>18,887</u>
	<u>-</u>	<u>18,887</u>

The operating leases represent leases payable on two photocopiers.

The finance lease is in respect of a motor vehicle.

Note 18. Related party transactions

Transactions with related parties

There were no significant transactions with related parties during the current and previous financial year.

Note 19. Interests of Key Management Personnel

The total remuneration paid to key management personnel of the company is Nil (2014: \$ 89,257).

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2015

Note 20. Controlled Entities

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
The Arabian Racing and Jockey Club Pty Limited	Australia	100.00%	100.00%

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

Note 21. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 22. Company Details

The registered office of the company is:
The Arabian Horse Society of Australia Limited
Unit 12, 40 Bowman Street
Richmond NSW 2753

The Arabian Horse Society of Australia Limited
Directors' declaration
31 December 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



A Preston
Chairman



L Williamson
Treasurer

29th Feb 2016

INDEPENDENT AUDITOR'S 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 on pages 8 to 21, which comprises the statements of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 entity'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 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 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.

CHARTERED ACCOUNTANTS & ADVISORS

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Parramatta NSW 2150

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Sydney Office
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Sydney NSW 2000

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARABIAN HORSE SOCIETY OF AUSTRALIA LIMITED (CONT)

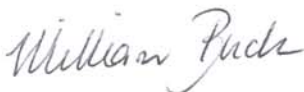
Auditor's Opinion

In our opinion the financial report of The Arabian Horse Society of Australia Limited on pages 8 to 21 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 2015 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of The Arabian Horse Society of Australia Limited for the year ended 31 December 2015 included on The Arabian Horse Society of Australia Limited's web site. The company's directors are responsible for the integrity of The Arabian Horse Society of Australia Limited's web site. We have not been engaged to report on the integrity of The Arabian Horse Society of Australia Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in black ink that reads "William Buck".

William Buck
Chartered Accountants
ABN: 16 021 300 521

A handwritten signature in black ink that reads "M A Nevill".

M A Nevill
Partner
Sydney, 29 February, 2016