

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Annual Report - 31 December 2016

The Arabian Horse Society of Australia Limited

Contents

31 December 2016

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The Arabian Horse Society of Australia Limited
Directors' report
31 December 2016

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2016.

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:

L Williamson (Chairperson)
A Preston (Senior Vice-Chairperson)
C A Bilson (Junior Vice-Chairperson)
D Watson (Treasurer - elected 3 April 2016)
K Fletcher Grieve
Y Downes
G Lilley (elected 3 April 2016)
R Shipton (elected 3 April 2016)
J Newton (not re-elected 3 April 2016)
V Dodson (not re-elected 3 April 2016)
T Muller (did not stand for re-election 3 April 2016)
M Stuart-Smith (resigned 14 May 2016)
G Martini (resigned 25 October 2016)

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 aimed at 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 and 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.

The Arabian Horse Society of Australia Limited

Directors' report

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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.
- 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: L Williamson
Title: Chairperson
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 AHQA 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: Chairperson of the Board, Chairperson of Management, News, Governance & Welfare Sub Committee and Member of JEC, Championships, Junior Development, Membership & Promotions, Archives, Registry and WAHO Sub Committees.

Name: A Preston
Title: Senior Vice-Chairperson
Qualifications: Degree in Business Management, Degree in Psychology.
Experience and expertise: Experienced in Project Management & as an Events Co-ordinator. 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. Over 30 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: Senior Vice-Chairperson of the Board, Chairperson of JEC Sub Committee and Member of Management, News, Governance & Welfare, Championships, Junior Development Membership & Promotions, Registry and WAHO Sub Committees.

The Arabian Horse Society of Australia Limited

Directors' report

31 December 2016

Name:	C A Bilson
Title:	Junior Vice-Chairperson
Qualifications:	Certificate in Office Management Level Two Tour Guide
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:	Junior Vice-Chairperson of the Board, Chairperson of Championships Sub Committee and Member of JEC, Junior Development Membership & Promotions Sub Committees.
Name:	D Watson (elected 3 April 2016)
Title:	Treasurer
Qualifications:	Cert IV in Business (Admin) and MYOB, Diploma of Work Health and Safety.
Experience and expertise:	Over 30 years experience in all forms of office administration, accounts, despatch & receivables and project management. For the last 15 years, working for herself as a contract administration and bookkeeping service provider to numerous small to medium businesses.
Special responsibilities:	Treasurer, Member of JEC, Championships and Junior Development Membership & Promotions, Management, News, Governance & Welfare and WAHO Sub Committees.
Name:	K Fletcher-Grieve
Title:	Director
Qualifications:	Bachelor of Education
Experience and expertise:	B.Ed. (early childhood) for 30 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:	Chairperson of Junior Development Membership & Promotions Sub Committee and Member of JEC, Championships and Registry Sub Committees.
Name:	Y Downes
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:	Chairperson of Archives Sub Committee and Member of JEC, Junior Development Membership & Promotions and Registry Sub Committees.

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Directors' report

31 December 2016

Name: G Lilley (elected 3 April 2016)
Title: Director
Qualifications: Cert IV in Hospitality and Food Safety Supervisor
Experience and expertise: Ran own Hospitality Business for 21 years, Bank Officer for Commonwealth bank for about 10 years before that, photojournalist and freelance Horse photographer for the last 3 years, writing for the Arabian Horse news, Studs and Stallions, Hills and Hawkesbury and as unpaid publicity officer for the NSW Arabian Horse Association.
Special responsibilities: Member of JEC, Championships, Junior Development Membership & Promotions Sub Committees.

Name: R Shipton (elected 3 April 2016)
Title: Director
Qualifications: Diploma in Management, certificates in various levels of OHS&W, certification as an internal auditor and Management Systems Auditing and Certificate accreditation as an Electrical Test and Tag provider.
Experience and expertise: Long association with boards and committees spanning over 30 years including representation on a University Student Union Board of Management with an annual turnover in excess of 7 million dollars in the late 80's and early 90's for almost 10 years.
Actively involved with Arabian horse groups for the last 30 years, involved with South Australian Arabian Riders and Breeders Society in various roles including committee member, Secretary, Publicity Officer, the organisation of shows and events and Vice Chairperson and more recently the Chairperson.
In the last 9 months, taken over the role of manager of the IT and Communication for Maritime Constructions Pty Ltd in SA. Prior to that, manager of the Harbours and Marine business unit. Both roles require a high degree of client and stake holder contact and communication and, in these roles, I have enhanced my project management, IT, marketing and promotion skills. This organisation also has an annual turnover around the 17 million dollar mark.
Special responsibilities: Member of Championships, Junior Development Membership & Promotions Sub Committees.

Name: J Newton (not re-elected 3 April 2016)
Title: Director
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

Name: V Dodson (not re-elected 3 April 2016)
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.

Name: T Muller (did not stand for re-election 3 April 2016)
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.

The Arabian Horse Society of Australia Limited

Directors' report

31 December 2016

Name: M Stuart-Smith (resigned 14 May 2016)
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.

Name: G Martini (resigned 25 October 2016)
Title: Director
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: Member of JEC and Archives Sub Committees, Chief Judge Examiner.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2016, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
L Williamson	5	5
A Preston	5	5
C A Bilson	5	4
D Watson (elected 3 April 2016)	4	4
K Fletcher-Grieve	5	5
Y Downes	5	5
G Lilley (elected 3 April 2016)	4	4
R Shipton (elected 3 April 2016)	4	4
J Newton (not re-elected 3 April 2016)	1	1
V Dodson (not re-elected 3 April 2016)	1	1
T Muller (did not stand for re-election 3 April 2016)	1	-
M Stuart-Smith (resigned 14 May 2016)	2	2
G Martini (resigned 25 October 2016)	4	4

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.

At 31 December 2016, the total amount that members of the company are liable to contribute if the company wound up is \$67,780 (2015: \$68,340).

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 immediately after this directors' report.

The Arabian Horse Society of Australia Limited
Directors' report
31 December 2016

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



L Williamson
Chairperson



D Watson
Treasurer

28 February 2017

**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 2016 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

William Buck
Chartered Accountants
ABN: 16 021 300 521

M A Nevill

M A Nevill
Partner
Sydney, 28 February, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

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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 2016

	Note	2016 \$	2015 \$
Revenue	4	728,085	774,205
Other income	5	-	856
Expenses			
Raw materials and consumables used		(49,692)	(74,730)
Employee benefits expense		(281,689)	(282,201)
Depreciation and amortisation expense		(17,399)	(16,733)
Printing, postage and stationery expenses		(62,312)	(82,587)
Insurance expense		(56,756)	(58,632)
Director expenses		(20,868)	(20,577)
Impairment loss		(5,374)	560
Relocation expenses		-	(6,945)
Property and building expenses		(7,503)	(13,413)
Lease expense		(25,616)	(25,942)
Membership expenses		(25,416)	(315)
Finance costs		-	(996)
Other expenses		(78,708)	(73,738)
Surplus before income tax expense		96,752	118,812
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of The Arabian Horse Society of Australia Limited	15	96,752	118,812
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>96,752</u>	<u>118,812</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 2016

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	6	668,682	572,846
Trade and other receivables	7	473	-
Inventories	8	1,500	6,874
Other	9	500	-
Total current assets		<u>671,155</u>	<u>579,720</u>
Non-current assets			
Property, plant and equipment	10	<u>679,837</u>	<u>649,290</u>
Total non-current assets		<u>679,837</u>	<u>649,290</u>
Total assets		<u>1,350,992</u>	<u>1,229,010</u>
Liabilities			
Current liabilities			
Trade and other payables	11	164,182	152,870
Provisions	12	<u>127,918</u>	<u>108,950</u>
Total current liabilities		<u>292,100</u>	<u>261,820</u>
Non-current liabilities			
Provisions	13	-	<u>5,050</u>
Total non-current liabilities		-	<u>5,050</u>
Total liabilities		<u>292,100</u>	<u>266,870</u>
Net assets		<u>1,058,892</u>	<u>962,140</u>
Equity			
Reserves	14	136,903	136,903
Retained surpluses	15	<u>921,989</u>	<u>825,237</u>
Total equity		<u>1,058,892</u>	<u>962,140</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 2016

	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	<u>136,903</u>	<u>825,237</u>	<u>962,140</u>

	Capital Profits Reserves \$	Retained profits \$	Total equity \$
Balance at 1 January 2016	136,903	825,237	962,140
Surplus after income tax expense for the year	-	96,752	96,752
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	96,752	96,752
Balance at 31 December 2016	<u>136,903</u>	<u>921,989</u>	<u>1,058,892</u>

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 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		1,033,737	847,972
Payments to suppliers and employees		(891,935)	(753,521)
Interest received		5,616	8,747
Interest paid		-	(996)
		<u>147,418</u>	<u>102,202</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(51,582)	(102,181)
Proceeds from disposal of property, plant and equipment		-	13,500
		<u>(51,582)</u>	<u>(88,681)</u>
Cash flows from financing activities			
Payment of finance lease liabilities		-	(18,887)
		<u>-</u>	<u>(18,887)</u>
Net increase/(decrease) in cash and cash equivalents		95,836	(5,366)
Cash and cash equivalents at the beginning of the financial year		<u>572,846</u>	<u>578,212</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>668,682</u></u>	<u><u>572,846</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 2016

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 2017.

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 or amended 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'), the 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

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

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.

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

Interest

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

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 2016

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

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

Cash and cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

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%-66% (diminishing)
Computer equipment and software	30% - 66% (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 2016

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.

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.

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 wholly 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.

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.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2016

Note 2. Significant accounting policies (continued)

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.

Note 4. Revenue

	2016	2015
	\$	\$
Registry income	244,261	271,669
Membership income	274,951	288,893
Championship income	16,639	8,203
Insurance income	93,449	110,451
Testing income	63,233	79,178
Promotional sales	1,764	5,820
Interest received	5,616	8,766
Sundry Revenue	11,013	1,225
Riding pony book society income	17,159	-
	<u>728,085</u>	<u>774,205</u>
Revenue	<u>728,085</u>	<u>774,205</u>

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2016

Note 5. Other income

	2016	2015
	\$	\$
Net gain on disposal of property, plant and equipment	-	856

Note 6. Current assets - cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	200	200
Cash at bank	668,482	572,646
	<u>668,682</u>	<u>572,846</u>

Note 7. Current assets - trade and other receivables

	2016	2015
	\$	\$
Other receivables	473	-

Note 8. Current assets - inventories

	2016	2015
	\$	\$
Raw materials - at net realisable value	5,427	27,231
Less: Provision for impairment	(3,927)	(20,357)
	<u>1,500</u>	<u>6,874</u>

Note 9. Current assets - other

	2016	2015
	\$	\$
Prepayments	500	-

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2016

Note 10. Non-current assets - property, plant and equipment

	2016	2015
	\$	\$
Land and buildings - at cost	489,654	489,654
Building improvements - at cost	125,514	125,514
Less: Accumulated depreciation	(6,304)	(2,828)
	<u>119,210</u>	<u>122,686</u>
Plant and equipment - at cost	69,305	56,191
Less: Accumulated depreciation	(35,600)	(29,443)
	<u>33,705</u>	<u>26,748</u>
Computer equipment and software - at cost	232,398	253,544
Less: Accumulated depreciation	(197,001)	(245,681)
	<u>35,397</u>	<u>7,863</u>
Archive Property	17,970	17,970
Less: Accumulated depreciation	(16,099)	(15,631)
	<u>1,871</u>	<u>2,339</u>
	<u><u>679,837</u></u>	<u><u>649,290</u></u>

Reconciliations

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

	Land & Buildings \$	Building Improvements \$	Plant and Equipment \$	Computer Equipment and Software \$	Archive Property \$	Total \$
Balance at 1 January 2016	489,654	122,686	26,748	7,863	2,339	649,290
Additions	-	-	18,188	33,394	-	51,582
Disposals	-	-	-	(3,636)	-	(3,636)
Depreciation expense	-	(3,476)	(11,231)	(2,224)	(468)	(17,399)
Balance at 31 December 2016	<u><u>489,654</u></u>	<u><u>119,210</u></u>	<u><u>33,705</u></u>	<u><u>35,397</u></u>	<u><u>1,871</u></u>	<u><u>679,837</u></u>

Note 11. Current liabilities - trade and other payables

	2016	2015
	\$	\$
Trade payables	5,099	2
Accrued expenses	36,128	43,985
Revenue in advance	106,549	107,621
GST payable	16,406	1,262
	<u><u>164,182</u></u>	<u><u>152,870</u></u>

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2016

Note 12. Current liabilities - provisions

	2016	2015
	\$	\$
Annual leave	43,347	35,700
Long service leave	84,571	73,250
	<u>127,918</u>	<u>108,950</u>

Note 13. Non-current liabilities - provisions

	2016	2015
	\$	\$
Long service leave	-	5,050
	<u>-</u>	<u>5,050</u>

Note 14. Equity - reserves

	2016	2015
	\$	\$
Capital profits reserve	136,903	136,903
	<u>136,903</u>	<u>136,903</u>

Note 15. Equity - retained surpluses

	2016	2015
	\$	\$
Retained surpluses at the beginning of the financial year	825,237	706,425
Surplus after income tax expense for the year	96,752	118,812
	<u>921,989</u>	<u>825,237</u>

Note 16. Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	<u>668,682</u>	<u>572,846</u>
	2016	2015
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	<u>57,633</u>	<u>45,249</u>

Note 17. Contingent liabilities

The company had no contingent liabilities as at 31 December 2016 and 31 December 2015.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2016

Note 18. Capital and Leasing Commitments

The company had no significant commitments for expenditure as at 31 December 2016 and 31 December 2015.

	2016	2015
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	16,140	29,813
One to five years	60,525	27,329
	<u>76,665</u>	<u>57,142</u>

The operating leases represent leases payable on printing equipment.

Note 19. Related party transactions

Transactions with related parties

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

Note 20. Interests of Key Management Personnel

No remuneration was paid to key management personnel of the company is \$nil (2015: \$nil).

Note 21. Controlled Entities

Name	Principal place of business / Country of incorporation	Ownership interest	
		2016	2015
		%	%
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 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 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 23. 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 2016

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 2016 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



L Williamson
Chairperson



D Watson
Treasurer

28 February 2017

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 9 to 21, which comprises the statements of financial position as at 31 December 2016, 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. We confirm that the independence declaration required by the Corporations Act 2001 was given to the directors of The Arabian Horse Society of Australia Limited on the same date as this auditor's report.

CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
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Parramatta NSW 2124
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARABIAN HORSE SOCIETY OF AUSTRALIA LIMITED (CONT)

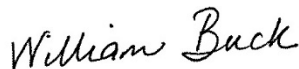
Auditor's Opinion

In our opinion the financial report of The Arabian Horse Society of Australia Limited on pages 9 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 2016 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 2016 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'.

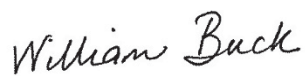
William Buck
Chartered Accountants
ABN: 16 021 300 521

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

M A Nevill
Partner
Sydney, 28 February, 2017

The Arabian Horse Society of Australia Limited
Disclaimer
For the year ended 31 December 2016

The additional financial data on pages 25 to 26 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 2016. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express our opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than the Arabian Horse Society of Australia Limited) in respect of such data, including any errors or omissions therein however caused.

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, 28 February, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Level 29, 66 Goulburn Street
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The Arabian Horse Society of Australia Limited
Detailed Profit and Loss
For the year ended 31 December 2016

	2016	2015
	\$	\$
REGISTRY INCOME		
Imported Horses Registrations	3,220	5,750
Purebred Arabian Registrations	58,673	61,622
Anglo Arabian Registrations	7,246	6,982
Partbred Arabian Registrations	17,991	25,218
Arabian Pony Registrations	10,068	8,514
Quarab Registrations	1,750	1,250
Arab Riding Pony Registrations	10,595	10,486
Arab Stockhorse Registrations	1,800	2,023
Arab Warmblood Registrations	3,105	3,823
Foal Recording	21,273	22,850
Transfers & Leases	61,388	70,102
Half Arabian	2,282	164
Registry Income Miscellaneous	44,870	52,885
Total Registry Fees	244,261	271,669
OTHER INCOME		
Net Profit from Championships	16,639	8,203
Membership Income	274,951	288,893
Insurance Income	93,449	110,451
Testing Income	63,233	79,178
Promotional Sales	1,764	5,820
Interest received	5,616	8,766
Sundry Income	966	1,225
Compensation / refund income from suppliers	10,047	-
Contract income - Riding Pony Stud Book Society	17,159	-
Gain on disposal of asset	-	856
Total Other Income	483,824	503,392
TOTAL INCOME	728,085	775,061
LESS: OTHER EXPENSES		
Accounting/Audit Fees	19,689	17,496
Advertising & Marketing	1,351	3,828
Amortisation and Depreciation	17,399	16,733
Arabian Horse News (AHN) production costs	39,088	54,232
Bank Charges	4,580	4,443
Body Corporate Fees	2,178	2,128
Cleaning	512	513
Computer Expenses	8,850	5,927
Council rates	2,510	1,613
Director expenses	20,868	20,577
DNA Paid	33,272	36,146
Election Expenses	2,330	2,306
Electricity	3,182	6,364
Finance costs	-	996
Fringe Benefits	731	3,891
Impairment loss / (gain)	5,374	(560)
Insurance expense	56,756	58,632
Internet Expenses	2,308	1,780
Judges Executive Committee expenses	33	780
Junior and youth development	500	974
Lease Expenses	25,616	25,942

This Detailed Profit and Loss Statement should be read in conjunction with the attached Disclaimer

The Arabian Horse Society of Australia Limited
Detailed Profit and Loss (continued)
For the year ended 31 December 2016

	2016	2015
	\$	\$
Other Expenses (continued)		
Legal Fees	525	301
Loss on disposal of asset	3,636	-
Loyalty Reward Program	23,465	-
Maintenance - Building and Equipment	1,299	4,923
Members Expenses	1,951	315
Motor Vehicle Expenses	-	2,532
Office Equipment	621	5,972
Other expenses	6,684	4,492
Postage/Courier Charges	14,503	16,131
Relocation expenses	-	6,945
Printing	5,483	6,960
Purchases	509	2,059
Staff Amenities and travel	573	655
Staff Training Expenses	583	-
Stationery	3,238	5,264
Subscriptions & Memberships	1,000	2,367
Superannuation Expense	22,593	26,882
Telephone and fax	10,051	8,042
Testing Expenses	15,911	36,527
Travelling expenses	2,896	2,497
WAHO Expenses	8,752	5,839
Wages & Salaries Expenses	258,365	251,429
Work Cover Premiums	1,568	1,376
Total Other Expenses	631,333	656,249
NET PROFIT FOR THE YEAR	96,752	118,812

This Detailed Profit and Loss Statement should be read in conjunction with the attached Disclaimer