

# **The Arabian Horse Society of Australia Limited**

**ABN 12 001 281 590**

## **Financial Statements**

**For the Year Ended 31 December 2012**

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

For the Year Ended 31 December 2012

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# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Directors' Report

Your directors present their report on The Arabian Horse Society of Australia Limited for the financial year ended 31 December 2012.

### Information on directors

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

<b>C Gordon</b>	Chairman
Qualifications	Secondary School Teacher and Administrator for 15 years Partner in grain and cotton farming business for 30 years
Experience	Arabian horse breeder for 40 years. AHSA Director since 1983. Honorary Life Member of the AHSA 1998. National Panel Judge since 1982. AHSA Chairman 2006 – 2009, 2011 and 2012. Past Vice-Chairman, Senior Vice-Chairman, Chairman of JEC, Promotions and Archives. President and Hon Life Member of Queensland Crabbet Group for 20 years. Honorary Life Member of Downs Arabian Club.
Special responsibilities	Member of Management and Registry Committees Ex-officio on all Committees
<b>S Ahel</b>	Vice Chairman
Experience	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	Vice Chairman, Member of JEC and Championships
<b>J Bromley</b>	Director
Experience	Member of AHSA since 1974. Breeder, Director since 2002. Past Committee Member of VAHA and AHPAV. Partner in family business.
Special responsibilities	Championship (Past Chairman for 6 years) Promotions
<b>L Currie</b>	Senior Vice Chairman
Experience	Arabian horse breeder since 1976. Director since 2003. Treasurer 2004-2006 and 2009-2010. Organized Elwyn Bligh Horse of the Year for 20 years. Member of AHAQ for over 20 years acting as Treasurer, Newsletter Editor & Committee Member. Helped develop current computer show programme and renders assistance to affiliates that use the programme. Varied business experience including Accounting from 1958 to 2013.
Special responsibilities	Member of the Championships, Junior Development, Promotions, News & Website Committees. 2004 Started and helped develop our current show program which is ongoing.

# The Arabian Horse Society of Australia Limited

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## Directors' Report

### Information on directors (continued)

<b>G Martini</b>	Director
Qualifications	Certificate in Office Management Level Two Tour Guide
Experience	Arabian horse breeder since 1971. Member of the Arabian Horse Society of Australia since 1965. Served on the Victorian Arabian Horse Association Committee for 29 years as Secretary for 7 years and Chairman for 9 years. Life member of VAHA Arabian Horse Society Distinguished Service Award. Arabian Judge for over 35 years. Member of the Judges Executive. Arabian Horse Society Judges' Examiner. Retired E.F.A. Judge. Director since 2011. Past Chairman Championships Committee.
Special responsibilities	Chairman of the JEC. Member Championships, Archives and Youth Committees.
<b>K Fletcher-Grieve</b>	Director
Experience	Primary school teacher (early childhood) for 27 years, owner/manager of family day care business for 2 years, ex-swimming instructor, ex-pony club instructor. Owner of arabian and derivatives for over 30 years, member of AHSA since 1986, past committee member WAAHA for 10 years. Show rider, dressage competitor, SHC judge. Involved with Youth, Championship and JEC.
<b>V Dodson</b>	Director
Experience	Professional Gardener since 1980. Head Gardener at Westminster House, British High Commissioner's Residence, Canberra 2008-2011. Endurance Rider since 1985 Arabian horse breeder since 1986. AHSA member since 1984. Recipient of Distinguished Service Award in 2009. Director of National Arabian Racehorse Association since 2000. Director AHSA 2004, 2005 and 2011.
Special responsibilities	Member of Registry, Archives, Membership and Promotions Sub Committees.
<b>A Preston</b>	Treasurer
Qualifications	Degree in Business Management, Degree in Psychology
Experience	Member of the AHSA since 1985. Director for AHSA since 2007. A past director for PCIA. Lecturer for PCIA on business operations, procedures & management. 29 years experience in the Pet care industry. CEO of the Preston family group of companies. Managing Director of Nalla Pet Resorts Australia. Director of Nalla Arabians Pty Ltd. Involvement with the Arabian horse for more than 40 years. Arabian horse breeder for 27 years. National Panel Judge AHSA. National Judge EFA, National Judge Hunter Horse Association. Member of WAHO. International experience with show management, procedures & adjudication. Represented AHSA Internationally as a judge. Extensive global travel adjudicating & researching the Arabian horse.
Special responsibilities	Member of Management, Registry, Championships, Judges Executive and Archive Committees.

# The Arabian Horse Society of Australia Limited

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## Directors' Report

### Information on directors (continued)

<b>J Newton</b>	Director (Appointed 21/02/2012)
Qualifications	Certificate in Equine Studies
Experience	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. Recipient of Distinguished Service Award in 2009. Arabian Judge since 2008. Director Horse SA, Chairman of SA ARABS Inc for 11+ years (current Vice Chairman) President of the Adelaide Plains Equestrian Club Inc.
Special responsibilities	Member of Promotions & Archives sub-committees.
<b>M Stuart-Smith</b>	Director (Appointed 21/02/2012)
Qualifications	Assoc Diploma in Horse Husbandry and Management (Roseworthy Ag College)
Experience	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 committee
<b>C Potts</b>	Director (Resigned 14/05/2012)
Qualifications	Post Graduate Diploma in Marketing. Diploma in Marketing. Advertising Diploma. Diploma in Public Relations.
Experience	Member of AHSA since mid 1960. AHSA National Panel Judge since 1976. Chair SA Arabs Inc. CEO of member based not-for-profit organisations.
Special responsibilities	Chairman of Marketing and Promotions Committee. Member of Championships Committee. Member of JEC.
<b>N Kinnear</b>	Director (Resigned 14/05/2012)
Experience	Member of JEC for 7 years. Chairman of JEC 2010-2011. Chief Examiner. Member of the Society and Breeders of Purebred and Derivative Arabian for 25 years. National Panel Judge. EA Hack Council Judge. Served on various affiliate committees for 20 years.
Special responsibilities	Chairman of JEC, Archives and Registry

# The Arabian Horse Society of Australia Limited

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## Directors' Report

### Principal activities

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

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

### Short term objectives

The company's short term objectives are to:

- To maintain a Purebred Stud Book and Derivative Registries.
- To participate in promotional events involving the wider community.
- To hold and promote shows.
- To train and educate judges for our shows.
- To involve youth with Arabian horses.

### Long term objectives

The company's long term objectives are to:

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

### Strategy for achieving the objectives

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

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

# The Arabian Horse Society of Australia Limited

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## Directors' Report

### Strategy for achieving the objectives (continued)

- Prudent management of available funds.

### How principal activities assisted in achieving the objectives

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

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

### Performance measures

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

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

### Members guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 31 December 2012 the collective liability of members was \$62,420 (2011: 71,980).

# The Arabian Horse Society of Australia Limited

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## Directors' Report

### Meetings of directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
C Gordon (Chairman)	4	4
S Ahel (Vice Chairman)	4	2
J Bromley	4	4
L Currie (Senior Vice Chairman)	4	4
G Martini	4	4
K Fletcher Grieve	4	4
V Dodson	4	4
A Preston (Treasurer)	4	4
J Newton	3	3
M Stuart-Smith	3	3
N Kinnear	1	1
C Potts	1	1

### Auditor's independence declaration

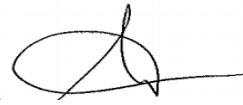
The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2012 has been received and can be found on page 7 of the financial report.

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



Director: .....

C Gordon



Director: .....

A Preston

Dated this 20th day of February 2013



# The Arabian Horse Society of Australia Limited

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012, there have been:

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

*Priestley & Morris*

Priestley & Morris  
Chartered Accountants

*M A Nevill*

M A Nevill  
Partner

Dated this 20th day of February 2013

Level 7  
3 Horwood Place  
Parramatta NSW 2150

# The Arabian Horse Society of Australia Limited

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## Statement of Comprehensive Income For the Year Ended 31 December 2012

		2012	2011
	Note	\$	\$
Revenue	2	983,395	974,475
Other income	2	20,294	19,518
Raw materials and consumables used		(79,298)	(109,906)
Employee benefits expense	3	(424,444)	(429,653)
Depreciation and amortisation expense	3	(31,455)	(36,719)
Event expenses		(157,595)	(140,686)
Printing, postage and stationery expenses		(89,042)	(105,333)
Insurance expense		(112,652)	(108,211)
Director expenses		(18,871)	(26,094)
Advertising and marketing expenses		(15,339)	(21,565)
Lease expense		(17,801)	(15,876)
Property and building expenses		(16,518)	(12,977)
Other expenses		(65,360)	(74,011)
Finance costs	3	(3,271)	(3,797)
<b>Loss before income tax</b>		<b>(27,957)</b>	<b>(90,835)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(27,957)</b>	<b>(90,835)</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(27,957)</b>	<b>(90,835)</b>

The accompanying notes form part of these financial statements

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Statement of Financial Position

As At 31 December 2012

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	47,180	18,852
Trade and other receivables	5	-	2,000
Inventories	6	44,071	50,407
Other assets	7	781	17,445
TOTAL CURRENT ASSETS		<u>92,032</u>	<u>88,704</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	964,143	983,978
TOTAL NON-CURRENT ASSETS		<u>964,143</u>	<u>983,978</u>
<b>TOTAL ASSETS</b>		<u><b>1,056,175</b></u>	<u><b>1,072,682</b></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	253,168	235,569
Borrowings	10	6,725	6,148
Provisions	11	50,925	53,650
TOTAL CURRENT LIABILITIES		<u>310,818</u>	<u>295,367</u>
NON-CURRENT LIABILITIES			
Borrowings	10	26,242	32,968
Provisions	11	16,975	14,250
TOTAL NON-CURRENT LIABILITIES		<u>43,217</u>	<u>47,218</u>
<b>TOTAL LIABILITIES</b>		<u><b>354,035</b></u>	<u><b>342,585</b></u>
<b>NET ASSETS</b>		<u><b>702,140</b></u>	<u><b>730,097</b></u>
<b>EQUITY</b>			
Reserves		462,584	462,584
Retained earnings		239,556	267,513
<b>TOTAL EQUITY</b>		<u><b>702,140</b></u>	<u><b>730,097</b></u>

The accompanying notes form part of these financial statements

# The Arabian Horse Society of Australia Limited

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## Statement of Changes in Equity For the Year Ended 31 December 2012

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2012

	Retained Earnings	Capital Profits Reserve	Asset Revaluation Surplus	Total
	\$	\$	\$	\$
Balance at 1 January 2012	267,513	136,903	325,681	730,097
Total comprehensive loss for the year				
Loss attributable to members	(27,957)	-	-	(27,957)
Total comprehensive loss for the year	(27,957)	-	-	(27,957)
Balance at 31 December 2012	<u>239,556</u>	<u>136,903</u>	<u>325,681</u>	<u>702,140</u>

2011

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

The accompanying notes form part of these financial statements

# The Arabian Horse Society of Australia Limited

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## Statement of Cash Flows

For the Year Ended 31 December 2012

	Note	2012 \$	2011 \$
<b>CASH FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		1,106,734	1,105,448
Payments to suppliers and employees		(1,060,432)	(1,124,416)
Interest received		3,251	3,356
Interest paid		(3,271)	(3,797)
Net cash provided by (used in) operating activities		<u>46,282</u>	<u>(19,409)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		<u>(11,805)</u>	<u>(11,357)</u>
Net cash used in investing activities		<u>(11,805)</u>	<u>(11,357)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of finance lease liabilities		<u>(6,149)</u>	<u>(5,621)</u>
Net cash used in financing activities		<u>(6,149)</u>	<u>(5,621)</u>
Net increase (decrease) in cash held		28,328	(36,387)
Cash and cash equivalents at beginning of year		18,852	55,239
Cash and cash equivalents at end of financial year	4	<u>47,180</u>	<u>18,852</u>

The accompanying notes form part of these financial statements

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements

For the Year Ended 31 December 2012

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

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 20 February 2013 by the Board.

#### (b) Revenue

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

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

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

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

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

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

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

#### (c) Inventories

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

#### (d) Property, plant and equipment

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

# The Arabian Horse Society of Australia Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2012

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### 1 Summary of Significant Accounting Policies (continued)

#### (d) Property, plant and equipment (continued)

##### Freehold Property

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

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

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

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

##### Plant and equipment

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

##### Depreciation

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements

For the Year Ended 31 December 2012

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### 1 Summary of Significant Accounting Policies (continued)

**(d) Property, plant and equipment (continued)**

and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(e) Leases**

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

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

**(f) Financial instruments**

**Initial recognition and measurement**

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

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

**Classification and subsequent measurement**

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



# The Arabian Horse Society of Australia Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2012

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### 1 Summary of Significant Accounting Policies (continued)

#### (f) Financial instruments (continued)

##### (i) Loans and receivables

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

##### (ii) Financial liabilities

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

#### Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit and loss at this point.

#### (g) Impairment of assets

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

#### (h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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

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

#### (i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

# The Arabian Horse Society of Australia Limited

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## Notes to the Financial Statements

For the Year Ended 31 December 2012

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### 1 Summary of Significant Accounting Policies (continued)

#### (j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

#### (k) Income tax

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

#### (l) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### (m) Comparative figures

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

#### (n) Trade and other payables

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

#### (o) Critical accounting estimates and judgments

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

##### Key estimates - Impairment

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

# The Arabian Horse Society of Australia Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2012

	2012	2011
	\$	\$
<b>2 Revenue and Other Income</b>		
Operating activities		
- registry fees	419,981	397,587
- member subscriptions	275,631	308,102
- championship income	155,240	120,026
- insurance receipts	124,851	117,321
- promotional sales	10,739	23,457
- interest received	3,251	3,356
- youth amateur cards	6,152	6,400
- roll of merit fees	1,525	1,516
- web income	-	22
- leases, registry fees and merchandise	9,369	13,481
<b>Total Revenue and Other Income</b>	<b>1,003,689</b>	<b>988,236</b>
<b>3 Profit for the Year</b>		
<b>Expenses</b>		
Depreciation		
Depreciation - plant and equipment	2,214	2,243
Depreciation - motor vehicles	6,975	6,975
Depreciation - furniture and fixtures	897	995
Depreciation - archive property	1,143	1,429
Depreciation - computer equipment	2,581	3,689
Depreciation - computer software	17,645	21,388
Total Depreciation	<b>31,455</b>	<b>36,719</b>
Finance costs	<b>3,271</b>	<b>3,797</b>
Employee benefits expense	<b>424,444</b>	<b>429,653</b>
Rental expense on operating leases	<b>17,801</b>	<b>15,876</b>
<b>4 Cash and Cash Equivalents</b>		
Cash at bank and in hand	<b>47,180</b>	<b>18,852</b>
	<b>47,180</b>	<b>18,852</b>
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<b>47,180</b>	<b>18,852</b>

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements For the Year Ended 31 December 2012

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### 5 Trade and Other Receivables

	2012	2011
	\$	\$
CURRENT		
Other receivables	-	2,000

### 6 Inventories

CURRENT		
At net realisable value:		
Inventory	160,806	167,142
Provision for impairment	(116,735)	(116,735)
	<u>44,071</u>	<u>50,407</u>

### 7 Other Assets

CURRENT		
Prepayments	<u>781</u>	<u>17,445</u>

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements

For the Year Ended 31 December 2012

	2012	2011
	\$	\$
<b>8 Property, Plant and Equipment</b>		
<b>LAND AND BUILDINGS</b>		
Freehold land and buildings At fair value	<u>850,000</u>	<u>850,000</u>
Total land and buildings	<u>850,000</u>	<u>850,000</u>
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment		
At cost	52,483	50,393
Accumulated depreciation	<u>(33,563)</u>	<u>(32,332)</u>
Total plant and equipment	<u>18,920</u>	<u>18,061</u>
Furniture, fixture and fittings		
At cost	19,714	19,714
Accumulated depreciation	<u>(11,643)</u>	<u>(10,746)</u>
Total furniture, fixture and fittings	<u>8,071</u>	<u>8,968</u>
Motor vehicles		
At cost	46,502	46,502
Accumulated depreciation	<u>(16,719)</u>	<u>(9,744)</u>
Total motor vehicles	<u>29,783</u>	<u>36,758</u>
Computer equipment		
At cost	97,139	102,460
Accumulated depreciation	<u>(91,127)</u>	<u>(93,867)</u>
Total computer equipment	<u>6,012</u>	<u>8,593</u>
Computer software		
At cost	242,839	246,418
Accumulated depreciation	<u>(196,052)</u>	<u>(190,533)</u>
Total computer software	<u>46,787</u>	<u>55,885</u>
Archive property		
At cost	17,970	17,970
Accumulated depreciation	<u>(13,400)</u>	<u>(12,257)</u>
Total archive property	<u>4,570</u>	<u>5,713</u>
Total plant and equipment	<u>114,143</u>	<u>133,978</u>
<b>Total property, plant and equipment</b>	<u><u>964,143</u></u>	<u><u>983,978</u></u>

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

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements

For the Year Ended 31 December 2012

### 8 Property, Plant and Equipment (continued)

#### Movements in Carrying Amounts

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

	Land	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Computer Software	Archive Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	850,000	18,061	8,968	36,758	8,593	55,885	5,713	983,978
Additions	-	3,073	-	-	-	8,732	-	11,805
Disposals	-	-	-	-	-	(185)	-	(185)
Depreciation expense	-	(2,214)	(897)	(6,975)	(2,581)	(17,645)	(1,143)	(31,455)
Carrying amount at the end of the year	850,000	18,920	8,071	29,783	6,012	46,787	4,570	964,143

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements For the Year Ended 31 December 2012

		2012	2011
		\$	\$
<b>9 Trade and Other Payables</b>			
CURRENT			
Trade payables	14	15,219	14,136
GST payable	14	2,081	7,867
Employee benefits		52,900	47,000
Accrued expenses	14	59,367	47,217
Revenue in advance		123,601	119,349
		<u>253,168</u>	<u>235,569</u>
<b>10 Borrowings</b>			
CURRENT			
Lease liabilities		<u>6,725</u>	<u>6,148</u>
NON-CURRENT			
Lease liabilities		<u>26,242</u>	<u>32,968</u>
<b>11 Provisions</b>			
		<b>Employee entitlements</b>	<b>Total</b>
		\$	\$
Opening balance at 1 January 2012		<u>67,900</u>	<u>67,900</u>
Balance at 31 December 2012		<u>67,900</u>	<u>67,900</u>
<b>Analysis of total provisions</b>			
		2012	2011
		\$	\$
Current		50,925	53,650
Non-current		16,975	14,250
		<u>67,900</u>	<u>67,900</u>

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements For the Year Ended 31 December 2012

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	2012	2011
	\$	\$
<b>12 Capital and Leasing Commitments</b>		
<b>(a) Finance lease commitments</b>		
Payable - minimum lease payments:		
- no later than 1 year	9,419	9,419
- between 1 year and 5 years	<u>29,302</u>	<u>38,720</u>
Minimum lease payments	<b>38,721</b>	48,139
Future finance charges	<b>(5,753)</b>	(9,023)
Minimum lease payments	<u><b>32,968</b></u>	<u>39,116</u>

The finance lease is in respect of a motor vehicle.

### **(b) Operating lease commitments**

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

Payable - minimum lease payments:

- no later than 1 year	16,932	17,470
- between 1 year and 5 years	<u>66,317</u>	<u>69,881</u>
	<u><b>83,249</b></u>	<u>87,351</u>

The operating leases represent leases payable on two photocopiers.

### **13 Interests of Key Management Personnel**

The total remuneration paid to key management personnel of the company is \$ 84,977 (2011: \$ 94,681).



# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Notes to the Financial Statements For the Year Ended 31 December 2012

		2012	2011
		\$	\$
<b>14 Financial Risk Management</b>			
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:			
	<b>Note</b>		
<b>Financial Assets</b>			
Cash and cash equivalents	4	47,180	18,852
Other receivables	5	-	2,000
<b>Total financial assets</b>		<u>47,180</u>	<u>20,852</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	9	76,667	69,220
Borrowings	10	32,967	39,116
<b>Total financial liabilities</b>		<u>109,634</u>	<u>108,336</u>
<b>15 Reserves</b>			
Revaluation reserve		325,681	325,681
Capital profits reserve		136,903	136,903
		<u>462,584</u>	<u>462,584</u>

## 16 Controlled Entities

	Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2012	2011
<b>Subsidiaries:</b>			
The Arabian Racing and Jockey Club Pty Limited	Australia	100%	100%

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

## 17 Company Details

The registered office of the company is:  
The Arabian Horse Society of Australia Limited  
226 George Street  
Windsor NSW 2756

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Directors' Declaration

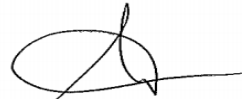
In accordance with a resolution of the directors of The Arabian Horse Society of Australia Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 23, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
  - b. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director .....  
C Gordon



Director .....  
A Preston

Dated this 20th day of February 2013

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

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

### Report on the Financial Report

We have audited the accompanying financial report of The Arabian Horse Society of Australia Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Arabian Horse Society of Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

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

### *Opinion*

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

*Priestley & Morris*

Priestley & Morris  
Chartered Accountants

*M A Nevill*

M A Nevill  
Partner

Dated this 20th day of February 2013

Level 7  
3 Horwood Place  
Parramatta NSW 2150

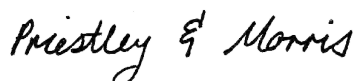
# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

For the Year Ended 31 December 2012

## Disclaimer

The additional financial data presented on page 28 to 30 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2012. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than The Arabian Horse Society of Australia Limited) in respect of such data, including any errors of omissions therein however caused.



Priestley & Morris  
Chartered Accountants



M A Nevill  
Partner

Dated this 20th day of February 2013

Level 7  
3 Horwood Place  
Parramatta NSW 2150

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Detailed Trading Account

For the Year Ended 31 December 2012

	2012	2011
	\$	\$
<b>PROMOTIONAL MATERIAL</b>		
Promotional Sales	11,475	23,834
Purchases	<u>(11,389)</u>	<u>(31,750)</u>
<b>Net trading profit (loss) from promotional material</b>	<u><u>86</u></u>	<u><u>(7,916)</u></u>
<b>ROLL OF MERIT</b>		
Enrolment fees	1,525	1,516
Trophies and awards	(555)	(3,716)
Purchases - Roll of Merit	<u>(229)</u>	<u>(1,292)</u>
<b>Net trading profit (loss) from roll of merit</b>	<u><u>741</u></u>	<u><u>(3,492)</u></u>
<b>AUSTRALIAN NATIONAL ARABIAN CHAMPIONSHIPS</b>		
<b>Championship income</b>		
Administration	6,320	4,790
Entry fees	45,327	37,743
Stable fees	29,901	36,897
Bedding	15,970	2,250
Sponsorship	27,077	14,873
Dinner	-	3,641
Swabbing	3,613	2,672
Numbers	1,298	1,076
Trade tents	1,773	4,568
Cabins and camping	16,496	8,480
Cleaning fees	6,548	-
Day parking	916	-
Sundry championship income	<u>-</u>	<u>2,900</u>
<b>Total Championship Income</b>	<u><u>155,239</u></u>	<u><u>119,890</u></u>
<b>Less: Championship Expenses</b>		
St John Ambulance	(909)	(909)
Australian judges	(1,696)	(2,866)
BBQ	(3,429)	-
Bedding	(15,649)	-
Caravans	(1,000)	-
Catalogue	(5,756)	(5,332)
Daystay	(1,098)	-
Dinner	-	(3,742)
Directors and staff	(6,920)	(5,595)
Dressage judges	(295)	(918)
Golf carts	(1,473)	-
Helpers expenses/accommodation	(3,574)	(2,747)
Hostess and judges hospitality/accommodation	(11,469)	(12,873)
Overseas judges airfares	(2,571)	(4,433)
Sashes	(15,044)	(14,838)
Stables	(26,901)	(36,473)

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

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Detailed Trading Account

For the Year Ended 31 December 2012

	2012	2011
	\$	\$
Stable cleaning	(3,240)	-
Sundry items	(250)	(1,265)
Swabbing and vet	(3,499)	-
Trophies	(15,752)	(14,810)
Venue hire	(10,975)	(8,305)
Cabins and camping	(13,759)	(7,735)
Cleaning	(4,139)	-
Trade stalls	(2,041)	(3,330)
<b>Total Championship Expenses</b>	<b>(151,439)</b>	<b>(126,171)</b>
<b>Net profit (loss) from Championships</b>	<b>3,800</b>	<b>(6,281)</b>
<b>PROFIT (LOSS) FROM TRADING ACCOUNTS</b>	<b>4,627</b>	<b>(17,689)</b>
<b>REGISTRY INCOME</b>		
Transfers	77,308	74,100
Stallion returns and fees	32,459	30,145
Mare registration	107,809	96,672
Stallion registration	43,408	33,534
Mare returns	1,168	266
Foal recordings	35,422	32,639
Gelding registration	29,622	29,349
Exported horse fees	5,305	7,464
Leases	9,345	7,602
DNA (net)	8,419	21,587
Hair storage fees	1,845	2,336
Imported horses	6,600	8,650
Stud prefixes	4,750	4,871
A.I. Documents	3,491	2,927
Duplicate certificates	3,961	3,114
Embryo transfers	818	1,036
Sundry registry income	1,323	545
A.I. Fees	477	682
Pedigree certificates	232	91
<b>Total Registry Fees</b>	<b>373,762</b>	<b>357,610</b>
<b>OTHER INCOME</b>		
Member subscriptions	275,631	308,102
Insurance receipts	124,851	117,321
Interest received	3,251	3,356
Amateur card	6,152	6,400
Web income	-	22
Other revenue	543	(100)
<b>Total Registry and Other Income</b>	<b>784,190</b>	<b>792,711</b>
<b>TOTAL INCOME</b>	<b>788,817</b>	<b>775,022</b>

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

# The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

## Detailed Trading Account

For the Year Ended 31 December 2012

	2012	2011
	\$	\$
<b>OTHER EXPENSES</b>		
Advertising expenses	(1,346)	(5,337)
Arabian horse news production costs	(59,231)	(59,091)
Auditors remuneration	(12,115)	(12,245)
Bank charges	(11,801)	(9,928)
Cleaning	(4,326)	(4,050)
Computer expenses	(8,198)	(6,088)
Consulting and professional fees	(2,586)	(5,846)
Depreciation	(31,455)	(36,719)
Director expenses	(18,871)	(26,094)
Electricity	(5,030)	(5,369)
Equitana	(17,445)	(21,841)
Filing fees	(750)	(1,115)
Finance costs	(3,271)	(3,797)
Fringe benefits tax	(5,708)	(4,129)
General expenses	(353)	(3,899)
Insurance expenses	(112,652)	(108,211)
Lease expenses	(17,801)	(15,876)
Maintenance of equipment	(1,699)	(1,178)
Marketing expenses	(13,993)	(16,228)
Motor vehicle expenses	(9,281)	(8,920)
National panel judges expenses	(3,128)	(5,563)
Postage	(15,520)	(19,984)
Printing	(10,879)	(23,520)
Rates & taxes	(4,563)	(1,501)
Repairs to building	(1,085)	(879)
Salary and wages	(357,615)	(386,586)
Security costs	(1,705)	(2,020)
Staff amenities	(2,028)	(2,064)
Staff training	-	444
Stationery	(3,412)	(2,738)
Subscriptions	(625)	(2,727)
Superannuation contributions	(61,121)	(39,382)
Telephone and fax	(14,154)	(14,571)
WAHO expenses	(3,027)	(8,805)
<b>TOTAL OTHER EXPENSES</b>	<b>816,774</b>	<b>865,857</b>
<b>NET DEFICIT</b>	<b>(27,957)</b>	<b>(90,835)</b>

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