

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

**ABN 12 001 281 590**

**Annual Report - 31 December 2017**

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

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**31 December 2017**

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**The Arabian Horse Society of Australia Limited**  
**Directors' report**  
**31 December 2017**

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2017.

**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)  
K Fletcher Grieve (Junior Vice Chairperson - elected 19 March 2017)  
D Watson (Treasurer)  
C A Bilson  
Y Downes  
G Lilley  
R Shipton  
K Galea (elected 19 March 2017)  
G Smith (elected 19 March 2017, resigned 2 February 2018)

**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 members newsletter the members bulletin.

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

**Objectives**

The company's short term objectives are to:

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

The company's long term objectives are to:

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

**Strategy for achieving the objectives**

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

- Consistency and relevance in the application of the Rules and Regulations within the Registry.
- Active involvement with the World Arabian Horse Organisation.
- Global awareness of Australian bred Arabian Horses.
- Maintenance of an online Stud Book that is free and available to the general public.
- Involvement in the Production of a quality publication devoted to the Arabian horse in Australia.
- Support & involvement in a programme that educates, examines and licenses Arabian horse judges. Strategic planning for the growth & ongoing development of a health investment portfolio.
- Prudent management of available funds.

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

### **Directors' report**

**31 December 2017**

#### **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 AHAQ for 10+ years. Received the Distinguished Service Award in 2007. Competed successfully in many disciplines on Arabians and actively assist in the promotion of the Arabian Horse. 2nd year as Treasurer. Outside of the horse world, managed the Sporting Venues in a large Qld Council responsible for staff and budget management. Established one of the first Swimming Pool Fencing Inspection Programs in Qld.  
Special responsibilities: 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: International Panel Judge Senior Vice-Chairperson of the Board, Chairperson of JEC Sub Committee and Member of Management, News, Governance & Welfare, Championships, Registry and WAHO Sub Committees.

## The Arabian Horse Society of Australia Limited

### Directors' report

31 December 2017

Name: K Fletcher-Grieve  
Title: Junior Vice-Chairperson (elected 19 March 2017)  
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.  
National Panel Judge  
Special responsibilities: Junior Vice-Chairperson of the Board, Chairperson of Junior Development, Member of Membership & Promotions and JEC Sub Committees.

Name: D Watson  
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.  
International Panel Judge  
Special responsibilities: Treasurer, Member of Archives, Championships, Management, News, Governance & Welfare and WAHO Sub Committees.

Name: C A Bilson  
Title: Director  
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.  
National Panel Judge  
Special responsibilities: Chairperson of Championships Sub Committee.

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 and Registry Sub Committees.

## The Arabian Horse Society of Australia Limited

### Directors' report

31 December 2017

Name: G Lilley  
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.  
National Panel Judge  
Special responsibilities: Member of JEC, Championships, Membership & Promotions Sub Committees.

Name: R Shipton  
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: Chairperson of Membership & Promotions Sub Committee.

Name: K Galea (appointed 19 March 2017)  
Title: Director  
Qualifications: President of Victorian Arabian Horse Association  
Secondary School Teacher – Health & Physical Education, Science Coordinator  
Year level Coordinator  
First Aid trainer  
Small Business owner  
Experience and expertise:  
Special responsibilities: Member of Registry and Junior Development Sub Committees

Name: G Smith (appointed 19 March 2017)  
Title: Director  
Qualifications: Wide variety of skills and experience drawn from career in a range of high profile positions including Chief Operating Officer of the National Museum of Australian and CEO of the Australian Royal Mint. 25 years experience in the Commonwealth Treasury in a range of audit and governance roles and has worked in the Office of the Assistant Treasurer. History of working on Boards and Committees in both the professional and voluntary capacity across a wide range of interests. Member of the Australian Institute of Company Directors. Lifetime of horse related experiences being directly involved with Arabian and other horse related activities both as a competitor and/or committee member. Judge on a number of breed panels as well as being an Equestrian Australia National Show Horse judge. International judge at some notable world class shows including the Paris World Championships, the Las Vegas Breeders Alliance World Cup, New York and the United Kingdom's only A class Arabian show, the UKIAHS.  
Experience and expertise:  
Special responsibilities: Member of Junior Development, Promotions and Membership, Archives and WAHO Sub Committees

**The Arabian Horse Society of Australia Limited  
Directors' report  
31 December 2017**

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2017, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
L Williamson	5	5
A Preston	5	4
K Fletcher-Grieve	5	5
D Watson	5	5
C A Bilson	5	5
Y Downes	5	5
G Lilley	5	5
R Shipton	5	5
K Galea (appointed 19 March 2017)	4	4
G Smith (appointed 19 March 2017)	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 2017, the total amount that members of the company are liable to contribute if the company wound up is \$61,500 (2016: \$67,780).

**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.

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

27 February 2018

**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 2017 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.

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 'Michele Nevill'.

**Michele Nevill**  
Director

Sydney, 27 February 2018

**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 2017**

	Note	2017 \$	2016 \$
<b>Revenue</b>	4	796,119	728,085
<b>Expenses</b>			
Raw materials and consumables used		(57,069)	(49,692)
Employee benefits expense		(284,667)	(281,689)
Depreciation and amortisation expense		(27,842)	(17,399)
Printing, postage and stationery expenses		(45,205)	(62,312)
Insurance expense		(66,043)	(56,756)
Director expenses		(17,996)	(20,868)
Impairment loss		(1,500)	(5,374)
Property and building expenses		(10,023)	(7,503)
Lease expense		(16,959)	(25,616)
Membership expenses		(986)	(25,416)
Other expenses		(85,300)	(78,708)
<b>Surplus before income tax expense</b>		182,529	96,752
Income tax expense		-	-
<b>Surplus after income tax expense for the year attributable to the members of The Arabian Horse Society of Australia Limited</b>	14	182,529	96,752
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of The Arabian Horse Society of Australia Limited</b>		<u>182,529</u>	<u>96,752</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 2017**

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	182,562	668,682
Trade and other receivables	6	4,850	473
Inventories	7	-	1,500
Held-to-maturity investments	8	570,000	-
Other	9	23,363	500
Total current assets		<u>780,775</u>	<u>671,155</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>734,685</u>	<u>679,837</u>
Total non-current assets		<u>734,685</u>	<u>679,837</u>
<b>Total assets</b>		<u>1,515,460</u>	<u>1,350,992</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	133,477	164,182
Provisions	12	140,562	127,918
Total current liabilities		<u>274,039</u>	<u>292,100</u>
<b>Total liabilities</b>		<u>274,039</u>	<u>292,100</u>
<b>Net assets</b>		<u>1,241,421</u>	<u>1,058,892</u>
<b>Equity</b>			
Reserves	13	136,903	136,903
Retained surpluses	14	<u>1,104,518</u>	<u>921,989</u>
<b>Total equity</b>		<u>1,241,421</u>	<u>1,058,892</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 2017**

	<b>Capital Profits Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
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>

	<b>Capital Profits Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 January 2017	136,903	921,989	1,058,892
Surplus after income tax expense for the year	-	182,529	182,529
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	182,529	182,529
Balance at 31 December 2017	<u>136,903</u>	<u>1,104,518</u>	<u>1,241,421</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 2017**

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		970,354	1,033,737
Payments to suppliers and employees		(805,998)	(891,935)
Interest received		4,747	5,616
		<u>169,103</u>	<u>147,418</u>
Net cash from operating activities			
<b>Cash flows from investing activities</b>			
Payments for held-to-maturity investments		(570,000)	-
Payments for property, plant and equipment	10	<u>(85,223)</u>	<u>(51,582)</u>
Net cash used in investing activities		<u>(655,223)</u>	<u>(51,582)</u>
<b>Cash flows from financing activities</b>			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(486,120)	95,836
Cash and cash equivalents at the beginning of the financial year		<u>668,682</u>	<u>572,846</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>182,562</u></u>	<u><u>668,682</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 2017**

**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 27 February 2018.

**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 2017**

**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.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

*Held-to-maturity investments*

Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

**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.

**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 2. Significant accounting policies (continued)**

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.

**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.

**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 2. Significant accounting policies (continued)**

*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.

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.



**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*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**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Registry income	244,915	244,261
Membership income	277,674	274,951
Championship income	39,815	16,639
Insurance income	78,718	93,449
Testing income	67,459	63,233
Promotional sales	1,825	1,764
Interest received	9,597	5,616
Sundry Revenue	6,726	11,013
Riding pony book society income	69,390	17,159
	<u>796,119</u>	<u>728,085</u>
Revenue	<u>796,119</u>	<u>728,085</u>

**Note 5. Current assets - cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	200	200
Cash at bank	182,362	668,482
	<u>182,562</u>	<u>668,682</u>

**Note 6. Current assets - trade and other receivables**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Other receivables	4,850	473
	<u>4,850</u>	<u>473</u>

**Note 7. Current assets - inventories**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Raw materials - at net realisable value	5,427	5,427
Less: Provision for impairment	(5,427)	(3,927)
	<u>-</u>	<u>1,500</u>

**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 8. Current assets - held-to-maturity investments**

	2017 \$	2016 \$
Term deposits	570,000	-

**Note 9. Current assets - other**

	2017 \$	2016 \$
Prepayments	23,363	500

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

	2017 \$	2016 \$
Land and buildings - at cost	489,654	489,654
Building improvements - at cost	125,514	125,514
Less: Accumulated depreciation	(9,683)	(6,304)
	<u>115,831</u>	<u>119,210</u>
Plant and equipment - at cost	70,859	69,305
Less: Accumulated depreciation	(43,797)	(35,600)
	<u>27,062</u>	<u>33,705</u>
Computer equipment and software - at cost	116,224	232,398
Less: Accumulated depreciation	(15,583)	(197,001)
	<u>100,641</u>	<u>35,397</u>
Archive Property - at cost	17,970	17,970
Less: Accumulated depreciation	(16,473)	(16,099)
	<u>1,497</u>	<u>1,871</u>
	<u><u>734,685</u></u>	<u><u>679,837</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 2017	489,654	119,210	33,705	35,397	1,871	679,837
Additions	-	-	1,744	83,479	-	85,223
Disposals	-	-	-	(2,533)	-	(2,533)
Depreciation expense	-	(3,379)	(8,387)	(15,702)	(374)	(27,842)
Balance at 31 December 2017	<u><u>489,654</u></u>	<u><u>115,831</u></u>	<u><u>27,062</u></u>	<u><u>100,641</u></u>	<u><u>1,497</u></u>	<u><u>734,685</u></u>

**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 11. Current liabilities - trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,397	5,099
Other payables	50,710	52,534
Revenue in advance	81,370	106,549
	<u>133,477</u>	<u>164,182</u>

**Note 12. Current liabilities - provisions**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Annual leave	47,923	43,347
Long service leave	92,639	84,571
	<u>140,562</u>	<u>127,918</u>

**Note 13. Equity - reserves**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Capital profits reserve	<u>136,903</u>	<u>136,903</u>

**Note 14. Equity - retained surpluses**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Retained surpluses at the beginning of the financial year	921,989	825,237
Surplus after income tax expense for the year	182,529	96,752
Retained surpluses at the end of the financial year	<u>1,104,518</u>	<u>921,989</u>

**Note 15. 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:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	182,652	668,682
Held-to-maturity investments	570,000	-
Total financial asset	<u>752,652</u>	<u>668,682</u>

**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 15. Financial Risk Management (continued)**

	2017	2016
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade and other payables	<u>52,107</u>	<u>57,633</u>

**Note 16. Contingent liabilities**

The company had no contingent liabilities as at 31 December 2017 and 31 December 2016.

**Note 17. Capital and Leasing Commitments**

The company had no significant commitments for expenditure as at 31 December 2017 and 31 December 2016.

	2017 \$	2016 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	16,140	16,140
One to five years	<u>44,385</u>	<u>60,525</u>
	<u>60,525</u>	<u>76,665</u>

The operating leases represent leases payable on printing equipment.

**Note 18. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 19.

*Transactions with related parties*

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

**Note 19. Key Management Personnel disclosures**

No remuneration was paid to key management personnel of the company for the 2017 and 2016 financial years.

The directors of the company are deemed to be key management personnel.

During the year, total director related expenses paid by the company amounted to \$17,996 (2016: \$20,868) comprising of accommodation, air fares, parking and other travel expenses.

**Note 20. Controlled Entities**

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
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.

**The Arabian Horse Society of Australia Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 21. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 22. Company Details**

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

**The Arabian Horse Society of Australia Limited**  
**Directors' declaration**  
**31 December 2017**

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 2017 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

27 February 2018

# The Arabian Horse Society of Australia Limited

Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of The Arabian Horse Society of Australia Limited (the company), which comprises the statement of financial position as at 31 December 2017, 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, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of the company, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the company's financial position as at 31 October 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the company on the same date as this auditor's report.

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

#### CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

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Parramatta NSW 2150

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## **Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors 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.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner which gives a true and fair view.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 'Michele Nevill'.

**Michele Nevill**  
Director

Sydney, 27 February 2018

**The Arabian Horse Society of Australia Limited  
Disclaimer  
For the year ended 31 December 2017**

The additional financial data on pages 26 to 27 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 2017. 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 'Michele Nevill'.

**Michele Nevill**  
Director

Sydney, 27 February, 2018

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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**The Arabian Horse Society of Australia Limited**  
**Detailed Profit and Loss**  
**For the year ended 31 December 2017**

	2017	2016
	\$	\$
<b>REGISTRY INCOME</b>		
Imported Horses Registrations	4,050	3,220
Purebred Arabian Registrations	55,854	58,673
Anglo Arabian Registrations	8,454	7,246
Partbred Arabian Registrations	23,641	17,991
Arabian Pony Registrations	10,328	10,068
Quarab Registrations	2,163	1,750
Arab Riding Pony Registrations	13,705	10,595
Arab Stockhorse Registrations	2,876	1,800
Arab Warmblood Registrations	8,223	3,105
Foal Recording	17,768	21,273
Transfers & Leases	60,267	61,388
Half Arabian	2,209	2,282
Registry Income Miscellaneous	35,377	44,870
<b>Total Registry Fees</b>	<b>244,915</b>	<b>244,261</b>
<b>OTHER INCOME</b>		
Net Profit from Championships	39,815	16,639
Membership Income	277,674	274,951
Insurance Income	78,718	93,449
Testing Income	67,459	63,233
Promotional Sales	1,825	1,764
Interest received	9,597	5,616
Sundry Income	6,441	966
Compensation / refund income from suppliers	285	10,047
Contract income - Riding Pony Stud Book Society	69,390	17,159
<b>Total Other Income</b>	<b>551,204</b>	<b>483,824</b>
<b>TOTAL INCOME</b>	<b>796,119</b>	<b>728,085</b>
<b>LESS: OTHER EXPENSES</b>		
Accounting/Audit Fees	15,115	19,689
Advertising & Marketing	3,047	1,351
Amortisation and Depreciation	27,842	17,399
Arabian Horse News (AHN) production costs	24,418	39,088
Bank Charges	5,294	4,580
Body Corporate Fees	2,273	2,178
Cleaning	354	512
Computer Expenses	10,576	8,850
Council rates	2,287	2,510
Director expenses	17,996	20,868
DNA Paid	42,423	33,272
Election Expenses	1,790	2,330
Electricity	6,692	3,182
Fringe Benefits	(125)	731
Impairment loss / (gain)	1,500	5,374
Insurance expense	66,043	56,756
Internet Expenses	942	2,308
Judges Executive Committee expenses	6,296	33
Junior and youth development	1,329	500
Lease Expenses	16,959	25,616

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 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Other Expenses (continued)</b>		
Legal Fees	951	525
Loss on disposal of asset	2,533	3,636
Loyalty Reward Program	-	23,465
Maintenance - Building and Equipment	690	1,299
Members Expenses	986	1,951
Office Equipment	527	621
Other expenses	9,736	6,684
Postage/Courier Charges	12,812	14,503
Printing	5,535	5,483
Purchases	27	509
Staff Amenities and travel	617	573
Staff Training Expenses	2,010	583
Stationery	2,440	3,238
Subscriptions & Memberships	3,579	1,000
Superannuation Expense	23,280	22,593
Telephone and fax	8,717	10,051
Testing Expenses	14,619	15,911
WAHO Expenses	8,253	11,648
Wages & Salaries Expenses	261,512	258,365
Work Cover Premiums	1,715	1,568
<b>Total Other Expenses</b>	<b>613,590</b>	<b>631,333</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>182,529</b>	<b>96,752</b>

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