

# **Australian Quarter Horse Association**

**ABN: 41 000 964 643**

## **Financial Statements**

**For the Year Ended 30 June 2018**

# Australian Quarter Horse Association

ABN: 41 000 964 643

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For the Year Ended 30 June 2018

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## Australian Quarter Horse Association

ABN: 41 000 964 643

### Directors' Report For the Year Ended 30 June 2018

Your directors present their report on Australian Quarter Horse Association for the financial year ended 30 June 2018.

#### Information on directors

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

Wendy Kim Johnson	
Qualifications	Business Owner, Silver Valley Ranch & Strathbogie International Equine Breeding Centre
Experience	17 years as a Director
Special responsibilities	President & International
John Christopher Steel	
Qualifications	Manager for Out of Home Care for High Risk Adolescents
Experience	3 years as a Director
Special responsibilities	Deputy President, Investigative Officer and Affiliates
Paul Gerrard Lorimer	
Qualifications	Company Director
Experience	23 years as a Director
Special responsibilities	Vice-President, Show and Performance Portfolio
Patricia Sharon Wettenhall	
Qualifications	Self-employed horse breeder & trainer
Experience	13 years as a Director - Reappointed October 2017
Special responsibilities	Treasurer
Ricky Noble Glen	
Qualifications	Horse Stud Manager
Experience	24 years as a Director
Special responsibilities	Hall of Fame and Cattle & Timed Events Portfolios
Lorelei Jean Payne	
Qualifications	Professional Horseman and Clinician
Experience	3 years as a Director
Special responsibilities	Non-Traditional Portfolio
Joanne Gregory	
Qualifications	Business Analyst for Thales, Vehicles and Tactical Systems
Experience	3 years as a Director
Special responsibilities	Judging Portfolio
Craig Alexander Rath	
Qualifications	Customer Relationship Co-Coordinator, Goulburn-Murray Water
Experience	3 year as a Director
Special responsibilities	Youth Portfolio

## Australian Quarter Horse Association

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### Directors' Report

For the Year Ended 30 June 2018

#### Information on directors

Kyle Mobberley

Qualifications	Professional Trainer
Experience	2 years as a Director
Special responsibilities	Professional Trainers and Clinicians

Kate Suzanne Elliott

Qualifications	Professional Trainer
Experience	2 year as a Director
Special responsibilities	Amateur Portfolio

Carol Faye Ricketts

Qualifications	Former AQHA General Manager (Retired)
Experience	1 Year as a Director - Appointed 7 October 2017
Special responsibilities	Stud Book

Nicole Johnston

Qualifications	Business Owner KND Show Horses, Breeder, Trainer & Clinician
Experience	1 Year as a Director - Appointed 7 October 2017

Peter John Bellden

Qualifications	National Operations Manager, Brand Energy and Infrastructure
Experience	23 years as a Director - Retired 7 October 2017

Andrew Bruce Shield

Qualifications	Retired Facilities Manager for CSIRO
Experience	3 years as a Director - Retired 7 October 2017

Terrence John McSweeney

Qualifications	Retired Postal Worker & Retired Air Force
Experience	13 years as a Director - Resigned 7 July 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Principal activities

The principal activity of Australian Quarter Horse Association during the financial year was the promotion of the Quarter Horse in Australia.

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 broaden the membership base and promote further growth;
- Implement technology to ensure the Association provided beneficial member services.

## **Australian Quarter Horse Association**

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### **Directors' Report For the Year Ended 30 June 2018**

#### **Long term objectives**

The Company's long term objectives are to:

- To promote and encourage the breeding and exhibiting of Quarter Horse in Australia;
- To develop diverse educational programs, material, curriculum to foster the growth and development of our members, including, but not limited to, Youth Development and Professional Trainers Division;
- To provide services to Australian Quarter Horse Association members; and
- To maintain the Stud Book of Quarter Horses in Australia and preserve the pedigrees of Quarter Horses in Australia.

#### **Strategy for achieving the objectives**

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

- To adopt any internal processes that requires change, after consideration by the Board of directors;
- The Associations funds will continue to be managed on a day to day basis that realises more benefits for members and membership participation throughout.

#### **Performance measures**

The Company measures its performance in terms of financial surpluses, levels of membership, registration numbers as well as breed promotions (via events, media and member communication) and genetic protection of the breed.

#### **Members guarantee**

Australian Quarter Horse Association is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up is limited to \$20 subject to the provisions of the company's constitution.

At 30 June 2018 the collective liability of members was \$ 102,540 (2017: \$ 110,360).

#### **Operating results and review of operations for the year**

The result of the Company for the financial year after amounted to a loss of \$ (65,886) (2017: \$ 215,461).

**Australian Quarter Horse Association**

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**Directors' Report**

**For the Year Ended 30 June 2018**

**Meetings of directors**

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Wendy Kim Johnson	10	10
John Christopher Steel	10	9
Paul Gerrard Lorimer	10	10
Patricia Sharon Wettenhall	6	6
Ricky Noble Glen	10	10
Joanne Gregory	10	10
Craig Alexander Rath	10	9
Kyle Mobberley	10	8
Kate Suzanne Elliott	10	10
Nicole Johnston	6	4
Carol Faye Ricketts	6	5
Peter John Bellden	4	4
Lorelei Jean Payne	10	9
Andrew Bruce Shield	4	1
Terrence John McSweeney	-	-

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 5 of the financial statements.

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

Director:



Wendy Kim Johnson

Director:



Dated 13 August 2018

Patricia Sharon Wettenhall

**Australian Quarter Horse Association**

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**Auditors Independence Declaration under Section 307C of the  
Corporations Act 2001 to the Directors of Australian Quarter Horse  
Association**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

Paul Cornall  
Principal  
Forsyths  
Chartered Accountants

13 August 2018

92 Rusden Street, Armidale NSW

**Australian Quarter Horse Association**

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**Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended 30 June 2018

		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	1,955,597	2,075,758
Administration		(408,039)	(393,032)
Shows		(349,316)	(281,742)
Employee costs		(675,406)	(654,778)
Registry		(182,410)	(179,647)
Board		(58,661)	(60,698)
Depreciation		(70,336)	(58,394)
Other AQHA Divisions		(277,315)	(220,530)
Memberships		-	(11,476)
<b>Surplus for the year</b>		<b>(65,886)</b>	<b>215,461</b>
<b>Other comprehensive income:</b>			
Changes in fair value of land and buildings		186,739	-
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Changes in Fair value gain on available-for-sale financial assets	7	29,733	(15,891)
<b>Items that have been reclassified to profit or loss:</b>			
Reclassification of Fair value gains on available-for-sale financial assets to profit or loss		(13,842)	-
<b>Other comprehensive income</b>		<b>202,630</b>	<b>(15,891)</b>
<b>Total comprehensive income for the year</b>		<b>136,744</b>	<b>199,570</b>

The accompanying notes form part of these financial statements.



**Australian Quarter Horse Association**

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**Statement of Financial Position****As At 30 June 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,427,090	834,882
Trade and other receivables	5	9,894	3,802
Inventories	6	8,539	8,087
Financial assets	7	-	574,109
Other assets	8	52,432	60,469
<b>TOTAL CURRENT ASSETS</b>		<b>1,497,955</b>	<b>1,481,349</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	2,102,513	1,983,189
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,102,513</b>	<b>1,983,189</b>
<b>TOTAL ASSETS</b>		<b>3,600,468</b>	<b>3,464,538</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	93,386	93,521
Employee benefits	11	66,563	59,305
<b>TOTAL CURRENT LIABILITIES</b>		<b>159,949</b>	<b>152,826</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	11	12,368	20,305
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,368</b>	<b>20,305</b>
<b>TOTAL LIABILITIES</b>		<b>172,317</b>	<b>173,131</b>
<b>NET ASSETS</b>		<b>3,428,151</b>	<b>3,291,407</b>
<b>EQUITY</b>			
Financial assets reserve		-	(15,891)
Land and Buildings revaluation reserve		807,174	620,435
Accumulated surpluses		2,620,977	2,686,863
<b>TOTAL EQUITY</b>		<b>3,428,151</b>	<b>3,291,407</b>

The accompanying notes form part of these financial statements.

**Australian Quarter Horse Association**

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**Statement of Changes in Equity**

For the Year Ended 30 June 2018

2018

	Accumulated Surpluses	Financial Assets Reserve	Land and Buildings Revaluation Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>2,686,863</b>	<b>(15,891)</b>	<b>620,435</b>	<b>3,291,407</b>
Deficit for the year	(65,886)	-	-	(65,886)
Other comprehensive income for the year	-	15,891	186,739	202,630
<b>Balance at 30 June 2018</b>	<b>2,620,977</b>	<b>-</b>	<b>807,174</b>	<b>3,428,151</b>

2017

	Accumulated Surpluses	Financial Assets Reserve	Land and Buildings Revaluation Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>2,471,403</b>	<b>-</b>	<b>620,435</b>	<b>3,091,838</b>
Surplus for the year	215,461	-	-	215,461
Other comprehensive income for the year	-	(15,891)	-	(15,891)
<b>Balance at 30 June 2017</b>	<b>2,686,863</b>	<b>(15,891)</b>	<b>620,435</b>	<b>3,291,407</b>

**Financial Assets Reserve**

The financial assets reserve records revaluation increments and decrements (that do not present impaired write-downs) that relate to financial assets classified as available for sale.

The accompanying notes form part of these financial statements.

**Australian Quarter Horse Association**

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**Statement of Cash Flows**  
**For the Year Ended 30 June 2018**

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	2,111,898	2,264,844
Payments to suppliers and employees	(2,138,357)	(2,151,107)
Interest Received	17,568	21,277
Net cash provided by (used in) operating activities	15 <u>(8,891)</u>	<u>135,014</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(3,043)	(63,917)
Proceeds from sale property, plant and equipment	300	13,200
Purchase financial assets	-	(590,000)
Proceed from sale of investment	7 <u>603,842</u>	<u>-</u>
Net cash used by investing activities	<u>601,099</u>	<u>(640,717)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in cash and cash equivalents held	592,208	(505,703)
Cash and cash equivalents at beginning of year	834,882	1,340,585
Cash and cash equivalents at end of financial year	4 <u>1,427,090</u>	<u>834,882</u>

The accompanying notes form part of these financial statements.

## Australian Quarter Horse Association

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# Notes to the Financial Statements

For the Year Ended 30 June 2018

These financial statements covers Australian Quarter Horse Association as an individual entity. Australian Quarter Horse Association is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Australian Quarter Horse Association is Australian dollars.

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts in the financial statements have been rounded to the nearest dollar.

#### (b) Comparative figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

#### (c) Revenue and other income

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Australian Quarter Horse Association's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

##### Donations

Donations and bequests are recognised as revenue when received.

##### Interest revenue

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

## Australian Quarter Horse Association

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# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 1 Summary of Significant Accounting Policies

### (c) Revenue and other income

#### Provision of services

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

#### Memberships

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

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

### (d) 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*.

### (e) 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.

### (f) Receivables

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.

Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

### (g) Inventories

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

### (h) 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.

#### Property

Land and buildings are measured at fair value less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal or deprival value basis (see impairment policy). The expected net cash flows have been discounted to their present values in determining recoverable amounts.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(h) Property, plant and equipment**

##### **Property**

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

##### **Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

##### **Depreciation**

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Land is not depreciated.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Plant and Equipment	7.5 % - 67%
Motor Vehicles	18.75%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

##### **Impairment**

At the end of each reporting year, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(h) Property, plant and equipment**

##### **Impairment**

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(i) 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.

#### **(j) Financial instruments**

##### **Initial recognition and measurement**

Financial assets are recognised when the Company becomes a party to the contractual provisions to 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.

##### **Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. Fair value is determined based on current bid prices for all quoted investments. In other circumstances, valuation techniques are adopted.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

#### *Financial Assets*

Financial assets are recognised as detailed below:

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

### **1 Summary of Significant Accounting Policies**

#### **(j) Financial instruments**

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

#### **(k) Leases**

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.

#### **(l) Employee benefits**

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee render the related services, including wages and salaries. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled excluding on-costs.

The accruals for long-service leave are based on the years of service pro-rata entitlement and is measured at the undiscounted amounts based on current wage rates excluding on-costs.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

#### **(m) 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.

#### **(n) 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 the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers.

##### **Key estimates - fair value of land and buildings**

The Company carries its land and buildings at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained every three to five years and at the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.



## Australian Quarter Horse Association

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# Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (o) Adoption of new and amended accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

#### (p) New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards as none of the changes are expected to have a material effect on the Company.

### 2 Revenue and Other Income

#### Revenue from continuing operations

	2018	2017
	\$	\$
Revenue		
- Administration membership fees	143,022	171,085
- Registry fees	756,111	826,709
- Youth World Cup event income	591	3,702
- Donations received	-	145,130
- Show fees, charges and sponsorship	270,239	218,217
- Other AQHA Divisions	145,323	75,275
- Member subscriptions	600,135	602,045
Other income		
- Interest revenue	17,568	21,277
- Investment income	8,766	12,318
- Gain on Disposal of Financial Assets	13,842	-
<b>Total Revenue</b>	<b>1,955,597</b>	<b>2,075,758</b>

# Australian Quarter Horse Association

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## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 3 Result for the Year

The result for the year includes the following specific expenses

	2018	2017
	\$	\$
<b>Other expenses:</b>		
Superannuation contributions	53,111	51,971

	2018	2017
	\$	\$
<b>Remuneration of auditor:</b>		
- Audit of financial statements	11,443	11,799
- Taxation Services	380	-
- Other Services	3,000	-
	14,823	11,799

### 4 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	1,427,090	834,882

### 5 Trade and Other Receivables

	2018	2017
	\$	\$
<b>CURRENT</b>		
Trade receivables	5,360	3,802
Other receivables	4,534	-
<b>Total current trade and other receivables</b>	9,894	3,802

### 6 Inventories

	2018	2017
	\$	\$
<b>CURRENT</b>		
At cost		
Merchandise	8,539	8,087

## Australian Quarter Horse Association

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### Notes to the Financial Statements

For the Year Ended 30 June 2018

#### 7 Financial Assets

	2018	2017
	\$	\$
CURRENT		
Financial assets (Managed funds)	-	574,109
<b>Total</b>	<b>-</b>	<b>574,109</b>

#### Movements in Carrying Values

Movement in the carrying amount for the total of financial assets between the beginning and the end of the current financial year:

	2018
	\$
Balance at the beginning of the year	574,109
Revaluation Increase	29,733
Proceeds from sale of financial assets	(603,842)
Balance at the end of year	-

Financial assets held as available for sale and comprise units in managed funds which are held to preserve the money bequeathed to the Company and to generate income through the receipt of distributions. The fair value of these assets is determined using Level 1 hierarchy inputs which are observable for managed funds units.

#### 8 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	52,432	48,151
Accrued income	-	12,318
	<b>52,432</b>	<b>60,469</b>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**9 Property, Plant and Equipment**

	2018	2017
	\$	\$
<b>LAND AND BUILDINGS</b>		
Land		
At fair value	440,000	359,477
Total Land	<u>440,000</u>	<u>359,477</u>
Building		
At fair value	1,560,000	1,595,380
Accumulated depreciation	-	(100,457)
Total buildings	<u>1,560,000</u>	<u>1,494,923</u>
Motor vehicles		
At cost	52,537	52,537
Accumulated depreciation	(13,268)	(179)
Total motor vehicles	<u>39,269</u>	<u>52,358</u>
Office equipment		
At cost	165,108	166,480
Accumulated depreciation	(112,845)	(109,351)
Total office equipment	<u>52,263</u>	<u>57,129</u>
Computer equipment		
At cost	80,419	80,419
Accumulated depreciation	(69,438)	(61,117)
Total computer equipment	<u>10,981</u>	<u>19,302</u>
<b>Total property, plant and equipment</b>	<u><u>2,102,513</u></u>	<u><u>1,983,189</u></u>

The Company's land and buildings were revalued on 16 July 2018 by independent valuers for the year ended 30 June 2018. Valuations were made on the basis of open market value in an arm's length transaction based on similar properties.

**10 Trade and Other Payables**

	2018	2017
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	93,386	93,521
	<u>93,386</u>	<u>93,521</u>

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2018**

**11 Employee Benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Provision for long service leave	<b>28,588</b>	22,255
Provision for annual leave	<b>37,975</b>	37,050
	<b><u>66,563</u></b>	<u>59,305</u>
<b>NON-CURRENT</b>		
Provision for long service leave	<b>12,368</b>	20,305
	<b><u>12,368</u></b>	<u>20,305</u>

**12 Leasing Commitments**

**Operating leases**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Minimum lease payments under non-cancelable operating leases:		
- not later than one year	<b>5,474</b>	6,420
- between one year and five years	<b>21,896</b>	1,605
	<b><u>27,370</u></b>	<u>8,025</u>

The Company has an operating lease in place for a multi-function device and printer.

**13 Contingent Liabilities and Contingent Assets**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

**14 Events after the end of the Reporting Period**

Since the end of the financial year the Company has entered into a contract with a value of \$25,340 to perform a server upgrade.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

## Australian Quarter Horse Association

ABN: 41 000 964 643

### Notes to the Financial Statements

For the Year Ended 30 June 2018

#### 15 Cash Flow Information

##### Reconciliation of result for the year to cashflows from operating activities

	2018	2017
	\$	\$
Surplus/ Deficit for the year	(65,886)	215,461
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	70,336	58,394
- net (gain) loss on disposal of property, plant and equipment	(178)	(341)
- net (gain)/loss on disposal of investments	(13,842)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(6,092)	4,915
- (increase)/decrease in prepayments	8,037	12,525
- (increase)/decrease in inventories	(452)	4,895
- increase/(decrease) in trade and other payables	(135)	(141,231)
- increase/(decrease) in employee benefits	(679)	(19,604)
Cashflow from operations	<u>(8,891)</u>	<u>135,014</u>

#### 16 Company Details

The registered office and principal place of business of the company is:

Australian Quarter Horse Association  
Lot 13 Jack Smyth Drive  
Hillvue  
NSW 2340

**Australian Quarter Horse Association**

ABN: 41 000 964 643

**Directors' Declaration**

The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 20, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards as stated in Note 1; and
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of is in accordance with the accounting policy described in Note 1 of the financial statements.
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

Wendy Kim Johnson



Director

Patricia Sharon Wettenhall

Dated 13 August 2018

## Australian Quarter Horse Association

# Independent Audit Report to the members of Australian Quarter Horse Association

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements, being special purpose financial statements of Australian Quarter Horse Association (the Company), which comprises the statement of financial position as at 30 June 2018, 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 the directors' declaration.

In our opinion, the accompanying financial statements of the Company are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 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 Statements* 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 statements 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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



## **Responsibilities of Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial statements are appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability 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 have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 the financial statements.

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 statements, 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 statements 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Forryth*

Chartered Accountants

Paul Cornall  
Partner

13 August 2018