

**We're a part of
your world.**

**Australian Quarter Horse
Association**

ABN: 41 000 964 643

Financial Statements

For the Year Ended 30 June 2022

Forsyths

Australian Quarter Horse Association

ABN: 41 000 864 643

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For the Year Ended 30 June 2022

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Australian Quarter Horse Association

ABN: 41 000 964 643

Directors' Report

For the Year Ended 30 June 2022

Your directors present their report on Australian Quarter Horse Association for the financial year ended 30 June 2022.

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	Manager Equine Breeding Centre
Experience	21 years as a Director
Special responsibilities	President, International Portfolio
Carol Faye Ricketts	
Qualifications	Retired
Experience	5 years as a Director
Special responsibilities	Deputy President, Investigative Officer
Shane Massingham	
Qualifications	Business Owner and Trainer
Experience	3 years as a Director
Special responsibilities	Vice President, Affiliates Portfolio
Peter Bellden	
Qualifications	Business Manager
Experience	24 years as a Director
Special responsibilities	Treasurer
Patricia Wettenhall	
Qualifications	Business Owner, Horse Breeder and Trainer
Experience	17 years as a Director
Special responsibilities	Amateur and Stud Book Portfolios
Paul Gerrard Lorimer	
Qualifications	Company Director
Experience	27 years as a Director
Special responsibilities	Show and Performance Portfolio
Ricky Noble Glen	
Qualifications	Horse Stud Owner
Experience	28 years as a Director
Special responsibilities	Hall of Fame & Cattle & Timed Events Portfolios
Joanne Gregory	
Qualifications	Business Analyst
Experience	7 years as a Director
Special responsibilities	Judging Portfolio

Australian Quarter Horse Association

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Directors' Report

For the Year Ended 30 June 2022

Information on directors

Kyle Mobberley

Qualifications	Professional Trainer
Experience	6 years as a Director
Special responsibilities	Professional Horsemen & National Show Portfolios

Kane Skopp

Qualifications	Professional Trainer
Experience	1 year as a Director
Special responsibilities	Board Director

Elizabeth Keating

Qualifications	Professional Trainer
Experience	8 years as a Director
Special responsibilities	Youth and Traditional Portfolios

Lorelei Payne

Qualifications	Director from 1 July 2020 to 9 October 2021
Experience	Professional Trainer
Special responsibilities	7 years as a Director
	Board Director

Kylie Barnett

Qualifications	Resigned December 2021
Experience	Business Owner and Breeder
Special responsibilities	2 years as a Director
	Board Director

John Christopher Steel

Qualifications	Director from 1 July 2020 to 9 October 2021
Experience	Manager for Out of Home Care for High Risk Adolescents
Special responsibilities	7 years as a Director
	Deputy President, Investigative Officer Portfolio

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:

- Broaden the membership base and promote further growth;

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Directors' Report

For the Year Ended 30 June 2022

Short term objectives

- Implement technology to ensure the Association provided beneficial member services.

Long term objectives

The Company's long term objectives are to:

- Promote and encourage the breeding and exhibiting of Quarter Horse in Australia;
- Develop diverse educational programs, material, curriculum and foster growth and development for our members, including, but not limited to, Youth Development, Professional Horsemen Division, Amateur Division and Breeders Division;
- Provide services to Australian Quarter Horse Association members; and
- 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 require 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 member 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 2022 the collective liability of members was \$ 91,940 (2021: \$81,380).

Operating results and review of operations for the year

The result of the Company for the financial year amounted to a profit of \$ 223,001 (2021: \$494,671).

Directors' Report
For the Year Ended 30 June 2022

Meetings of directors

During the financial year, 7 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	7	7
Carol Faye Ricketts	7	7
Shane Massingham	7	7
Peter Bellden	4	2
Patricia Wettenhall	7	6
Paul Gerrard Lorimer	7	6
Ricky Noble Glen	7	7
Joanne Gregory	7	7
Kyle Mobberley	7	6
Kane Skopp	4	3
Elizabeth Keating	4	4
Lorelei Payne	3	3
Kylie Barnett	4	3
John Christopher Steel	3	3

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 2022 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 (President)

Director:
Peter Bellden (Treasurer)

Dated 18 August 2022

Australian Quarter Horse Association

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Auditor's 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 2022, 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.

Forsyths

Forsyths Business Services Pty Ltd



Paul Cornall
Principal
Registered Company Auditor No. 227604

26 August 2022

121 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 2022**

	Note	2022 \$	2021 \$
Revenue from contracts with customers	2	1,808,304	1,734,707
Other revenue	2	45,186	224,335
Total revenue		1,853,490	1,959,042
Administration		(285,244)	(274,186)
Shows		(333,718)	(251,321)
Youth World Cup		-	(31,100)
Employee costs		(638,062)	(559,727)
Registry		(146,980)	(140,536)
Board		(23,812)	(18,216)
Depreciation		(67,140)	(76,231)
Other AQHA Divisions		(135,533)	(92,855)
Memberships		-	(20,199)
Surplus for the year		223,001	494,671
Net gain on revaluation of land and buildings		380,474	-
Other comprehensive income		380,474	-
Total comprehensive income for the year		603,475	494,671

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,409,425	2,181,624
Trade and other receivables	5	5,076	3,680
Inventories	6	5,631	9,164
Other assets	7	32,650	11,742
TOTAL CURRENT ASSETS		2,452,782	2,206,210
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,334,615	1,964,072
TOTAL NON-CURRENT ASSETS		2,334,615	1,964,072
TOTAL ASSETS		4,787,397	4,170,282
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	96,457	82,817
Employee benefits	10	53,242	57,671
TOTAL CURRENT LIABILITIES		149,699	140,488
NON-CURRENT LIABILITIES			
Employee benefits	10	15,718	11,289
TOTAL NON-CURRENT LIABILITIES		15,718	11,289
TOTAL LIABILITIES		165,417	151,777
NET ASSETS		4,621,980	4,018,505
EQUITY			
Land and Buildings revaluation reserve		1,187,648	807,174
Accumulated surpluses		3,434,332	3,211,331
TOTAL EQUITY		4,621,980	4,018,505

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 2022

2022

	Accumulated Surpluses	Land and Buildings Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2021	3,211,331	807,174	4,018,505
Surplus for the year	223,001	-	223,001
Net gain on revaluation of land and buildings	-	380,474	380,474
Balance at 30 June 2022	3,434,332	1,187,648	4,621,980

2021

	Accumulated Surpluses	Land and Buildings Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2020	2,716,660	807,174	3,523,834
Surplus for the year	494,671	-	494,671
Balance at 30 June 2021	3,211,331	807,174	4,018,505

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,009,561	2,148,122
Payments to suppliers and employees	(1,749,898)	(1,539,311)
Interest Received	4,909	6,277
Net cash provided by (used in) operating activities	15 <u>264,572</u>	<u>615,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	34,545	-
Purchase of property, plant and equipment	(71,316)	(1,549)
Net cash used by investing activities	<u>(36,771)</u>	<u>(1,549)</u>
Net increase (decrease) in cash and cash equivalents held	227,801	613,539
Cash and cash equivalents at beginning of year	<u>2,181,624</u>	<u>1,568,085</u>
Cash and cash equivalents at end of financial year	4 <u>2,409,425</u>	<u>2,181,624</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 2022

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.

(c) Revenue from contracts with customers and other income

The Company is in the business of providing services to members. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in change for those goods or services.

Rendering of services

The Company provides a range of services to members including animal registrations, shows, marketing, education and related services.

The Company recognises revenue from the provision of services at the point in time when the service is provided to the member.

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.

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Notes to the Financial Statements
For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(c) Revenue from contracts with customers and other income

Memberships

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

Government subsidies and incentives

JobKeeper subsidy, Apprenticeship Incentives and Cash Flow Boosts are recognised upon receipt after the Company has made application and became eligible for the incentives.

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

Other Income

Other income is recognised upon receipt.

(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.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(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.

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:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%- 5%
Plant and Equipment	7.5 % - 67%
Motor Vehicles	25%
Computer Equipment	25% - 50%

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(h) Property, plant and equipment

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.

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) Leases

AASB 16 introduces a single lessee accounting model requiring recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Low value leases

The Company has low value leases. As the leases are of low value, the Company has applied the practical expedient to account for these leases as an operating expense.

(k) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

1 Summary of Significant Accounting Policies

(l) 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.

(m) 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.

(n) 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.

(o) 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.

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
Revenue from contracts with customers		
- Administration membership fees	90,892	94,358
- Registry fees	825,075	764,209
- Youth World Cup event income	864	29,565
- Show fees, charges and sponsorship	272,177	229,064
- Other AQHA Divisions	57,472	73,795
- Member subscriptions and registry fees	561,824	543,716
Total revenue from contracts with customers	1,808,304	1,734,707

Member subscriptions and registry fees are recognised over time, while the remaining revenue from contracts with customers and other revenue are recognised at a point in time.

Other Revenue

	2022	2021
	\$	\$
Other revenue		
- Interest revenue	4,909	6,277
- JobKeeper subsidy	-	121,500
- Cash Flow Boost	-	96,558
- Write-back of 2020 sponsorship expenses	15,000	-
- Apprenticeship Incentives	4,839	-
- Gain on disposal of property, plant and equipment	20,438	-
Total other revenue	45,186	224,335

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Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Result for the Year

The result for the year includes the following specific expenses

	2022	2021
	\$	\$
Other expenses:		
Superannuation contributions	55,352	45,011

	2022	2021
	\$	\$
Remuneration of auditor:		
- audit of financial statements	10,970	10,450
- preparation of financial statements	2,625	2,500
- accounting assistance	865	825
- Other Services	-	560
	14,460	14,335

4 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	2,409,425	2,181,624

5 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	5,076	3,680

6 Inventories

	2022	2021
	\$	\$
CURRENT		
At cost		
Merchandise	5,631	9,164

Australian Quarter Horse Association

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**Notes to the Financial Statements
For the Year Ended 30 June 2022****7 Other Assets**

	2022	2021
	\$	\$
CURRENT		
Prepayments	32,650	11,742

8 Property, Plant and Equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Land		
At fair value	497,000	396,486
Total Land	497,000	396,486
Building		
At fair value	1,703,000	1,603,514
Accumulated depreciation	-	(135,356)
Total buildings	1,703,000	1,468,158
Total land and buildings	2,200,000	1,864,644
Motor vehicles		
At cost	58,944	52,537
Accumulated depreciation	(2,059)	(35,971)
Total motor vehicles	56,885	16,566
Office equipment		
At cost	185,012	188,878
Accumulated depreciation	(122,890)	(129,812)
Total office equipment	62,122	59,066
Computer equipment		
At cost	146,863	146,612
Accumulated depreciation	(131,255)	(122,816)
Total computer equipment	15,608	23,796
Total property, plant and equipment	2,334,615	1,964,072

The Company's land and buildings were revalued on 23 August 2021 by independent valuers for the year ended 30 June 2022. Valuations were made on the basis of open market value in an arm's length transaction based on similar properties.

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Notes to the Financial Statements For the Year Ended 30 June 2022

9 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	96,457	82,817

10 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provision for Long Service Leave	18,916	23,345
Provision for Annual Leave	34,326	34,326
	53,242	57,671
NON-CURRENT		
Provision for Long Service Leave	15,718	11,289

11 Leasing Commitments

Operating leases

	2022	2021
	\$	\$
Minimum lease payments under non-cancelable operating leases:		
- not later than one year	5,018	5,474
- between one year and five years	-	5,474
	5,018	10,948

The Company has an operating lease in place for a multi-function device and printer. This has been accounted for as a low value lease for accounting purposes.

12 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021:None).

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Notes to the Financial Statements

For the Year Ended 30 June 2022

13 Impact of COVID-19

The Coronavirus pandemic ('COVID-19') and related measures to slow the spread of the virus have had a significant impact on the Australian and global economy, supply chains and financial markets, and resulted in increased levels of volatility and uncertainties. The effects of this health crisis are continuing to unfold, and the ultimate extent of the economic impacts worldwide are unknown.

Due to the developments in relation to COVID-19, several national and most international show events which were to be held were either postponed or cancelled.

The Australian Government provided a series of stimulus packages to support Australian businesses through the pandemic in the form of JobKeeper subsidy and Cash Flow Boost which completed in the financial year 2021. Despite the impact of COVID-19, the Company generated a healthy surplus and maintained a positive working capital.

14 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

15 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2022	2021
	\$	\$
Surplus/ Deficit for the year	223,001	494,671
Non-cash flows in profit:		
- depreciation	67,140	76,231
- net (gain) loss on disposal of property, plant and equipment	(20,438)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(1,396)	80
- (increase)/decrease in prepayments	(20,908)	61,841
- (increase)/decrease in inventories	3,533	3,152
- increase/(decrease) in trade and other payables	13,640	(30,334)
- Increase/(decrease) in employee benefits	-	9,447
Cashflow from operations	<u>264,572</u>	<u>615,088</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: 41 000 984 643

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 19, 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 2022 and of the performance for the year ended on that date of its 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
Peter Belden

Dated 18 August 2022

Australian Quarter Horse Association

Independent Audit Report to the members of Australian Quarter Horse Association

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Australian Quarter Horse Association (the Company), which comprises the statement of financial position as at 30 June 2022, 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 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 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 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 (including Independence Standards)* (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*, 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 report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors'

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responsibility also includes such internal control as the directors determine necessary to enable the preparation of a 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 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 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 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 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 that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and

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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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report 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.

Forsyths

Forsyths Business Services Pty Ltd



Paul Cornall
Principal
Registered Company Auditor No. 227604

121 Rusden Street Armidale NSW

26 August 2022