



Forsyth's

Australian Quarter Horse Association

ABN: 41 000 964 643

Financial Statements

For the Year Ended 30 June 2016

www.forsyths.com.au

ARMIDALE • COONABARABRAN • GUNNEDAH • TAMWORTH

Contents

30 June 2016

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	19
Independent Audit Report	20

Directors' Report

30 June 2016

Your directors present their report on Australian Quarter Horse Association for the financial year ended 30 June 2016.

Information on directors

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

Peter John Bellden

Qualifications National Operations Manager, HARSCO Infrastructure and Brand Energy and Infrastructure

Experience 21 years as a Director

Special responsibilities President. Investigative Officer

Paul Gerrard Lorimer

Qualifications Company Director

Experience 21 years as a Director

Special responsibilities Vice President. Show and Performance Portfolios

Patricia Sharon Wettenhall

Qualifications Self-employed horse breeder and trainer

Experience 12 years as a Director

Special responsibilities Treasurer. National Show and Professional Trainers & Clinicians Portfolio

Terrence John McSweeney

Qualifications Retired Postal Worker & Retired Air Force employee

Experience 11 years as a Director

Special responsibilities Deputy President. Amateur Portfolio

Ricky Noble Glen

Qualifications Horse Stud Manager

Experience 22 years as a Director

Special responsibilities Hall of Fame and Cattle & Timed Events Portfolios

Wendy Kim Johnson

Qualifications Business Owner, Silver Valley Ranch & Strathbogie International Equine Breeding Centre

Experience 15 years as a Director

Special responsibilities Youth, Stud Book, International, AmQHA Oceania Director, Vice President and Deputy President

Andrew Bruce Shield

Qualifications Retired Facilities Manager for CSIRO

Experience 2 years as a Director

Special responsibilities Affiliates Portfolio

John Christopher Steel

Qualifications Manager for Out of Home Care for High Risk Adolescents

Experience 3 year as a Director. Re-elected 3 October 2015

Special responsibilities Investigative Officer

Directors' Report

30 June 2016

Information on directors continued

Lorelei Jean Payne

Qualifications Horse Trainer
Experience 1 year as a Director. Elected 3 October 2015
Special responsibilities Non-Traditional Portfolio

Joanne Gregory

Qualifications Performance Co-ordinator for Thales, Land & Air Systems
Experience 1 year as a Director. Elected 3 October 2015
Special responsibilities Judging Portfolio

Craig Alexander Rath

Qualifications Customer Service Co-Ordinator, Goulburn-Murray Water
Experience 1 year as a Director. Elected 3 October 2015
Special responsibilities Youth Portfolio

Pauline Stuart-Fox

Qualifications Retired Horse Stud Manager
Experience 14 years as a Director. Resigned 3 October 2015

Simon Julian Myers

Qualifications University Academic
Experience 13 years as a Director. Resigned 1 April 2016

Emma Louise Mullan

Qualifications Business owner, Xtreme Quarter Horses
Experience 5 years as a Director. Resigned 3 October 2015

Elizabeth Keating

Qualifications Qualified Bookkeeper, Self-employed horse trainer
Experience 7 years as a Director. Resigned 3 October 2015

Glenn William Wyse

Qualifications Self-employed Farrier
Experience 4 years as a Director. Resigned 3 October 2015

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.

Commentary on Current Year Performance

A change in the Associations activities occurred during the year ended 30 June 2016 as the Association hosted the Youth World Cup 2016 in June 2016.

The Association became a beneficiary of an inheritance during the 30 June 2016 financial year.

Directors' Report

30 June 2016

Short term and Long term objectives

The Company's short term and long term objectives are to:

- To promote and encourage the breeding and exhibiting of Quarter Horses 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 2016 the collective liability of members was \$ 107,060 (2015: \$ 110,220).

Directors' Report

30 June 2016

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
Ricky Noble Glen	7	7
Paul Gerrard Lorimer	7	7
Patricia Sharon Wettenhall	7	7
Peter John Bellden	7	7
Terrence John Mcsweeney	7	7
Andrew Bruce Shield	7	7
Wendy Kim Johnson	7	6
John Christopher Steel	4	4
Lorelei Jean Payne	4	4
Joanne Gregory	4	4
Craig Alexander Rath	4	4
Pauline Stuart-Fox	3	3
Simon Julian Myers	5	4
Emma Louise Mullan	3	3
Elizabeth Keating	3	3
Glenn William Wyse	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 2016 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:

Peter John Bellden



Director:

Patricia Sharon Wettenhall

Dated 15 August 2016

Australian Quarter Horse Association

ABN: 41 000 964 643

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 2016, 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

15 August 2016

92 Rusden Street, Armidale NSW

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue	2	2,469,704	1,989,222
Administration		(377,792)	(471,475)
Shows		(340,661)	(293,429)
Youth World Cup		(328,640)	-
Employee costs		(707,773)	(638,866)
Registry		(193,006)	(211,870)
Board		(41,892)	(58,147)
Depreciation		(62,142)	(65,368)
Other AQHA Divisions		(182,754)	(126,435)
Memberships		(1,073)	(19,737)
Surplus for the year		233,971	103,895
Net gain on revaluation of land and buildings		-	276,112
Other comprehensive income		-	276,112
Total comprehensive income for the year		233,971	380,007

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,340,585	914,434
Trade and other receivables	5	8,717	3,290
Inventories	6	12,982	13,671
Other assets	8	72,994	86,258
TOTAL CURRENT ASSETS		<u>1,435,278</u>	<u>1,017,653</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,990,526	2,051,908
TOTAL NON-CURRENT ASSETS		<u>1,990,526</u>	<u>2,051,908</u>
TOTAL ASSETS		<u>3,425,804</u>	<u>3,069,561</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	234,752	124,718
Employee benefits	10	54,770	39,966
TOTAL CURRENT LIABILITIES		<u>289,522</u>	<u>164,684</u>
NON-CURRENT LIABILITIES			
Employee benefits	10	44,444	47,010
TOTAL NON-CURRENT LIABILITIES		<u>44,444</u>	<u>47,010</u>
TOTAL LIABILITIES		<u>333,966</u>	<u>211,694</u>
NET ASSETS		<u>3,091,838</u>	<u>2,857,867</u>
EQUITY			
Reserves		620,435	620,435
Accumulated surpluses		2,471,403	2,237,432
TOTAL EQUITY		<u>3,091,838</u>	<u>2,857,867</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2016

2016

	Accumulated Surpluses	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 July 2015	2,237,432	620,435	2,857,867
Surplus for the year	233,971	-	233,971
Balance at 30 June 2016	2,471,403	620,435	3,091,838

2015

	Accumulated Surpluses	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 July 2014	2,133,537	344,323	2,477,860
Surplus for the year	103,895	-	103,895
Revaluation increment	-	276,112	276,112
Balance at 30 June 2015	2,237,432	620,435	2,857,867

Statement of Cash Flows
For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,668,387	2,170,802
Payments to suppliers and employees	(2,284,4357)	(1,986,814)
Interest Received	21,857	22,594
Net cash provided by (used in) operating activities	14 <u>425,809</u>	<u>206,582</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,931)	(78,078)
Proceeds from sale property, plant and equipment	2,273	-
Net cash used by investing activities	<u>342</u>	<u>(78,078)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in cash and cash equivalents held	426,151	128,504
Cash and cash equivalents at beginning of year	914,434	785,931
Cash and cash equivalents at end of financial year	4 <u>1,340,585</u>	<u>914,435</u>

Notes to the Financial Statements

For the Year Ended 30 June 2016

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.

Provision of services

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies Continued

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, and bank overdrafts.

(f) Receivables

Trade and other receivables include amounts due from members and customers for goods and services performed in the ordinary course of business.

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies Continued

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%
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. 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.

(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

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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies Continued

(k) Employee benefits continued

The accrual 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.

(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.

Notes to the Financial Statements
For the Year Ended 30 June 2016

2 Revenue and Other Income

Revenue from continuing operations

	2016	2015
	\$	\$
Revenue		
- Administration	154,791	166,734
- Registry	842,814	877,524
- Youth World Cup	304,664	-
- Donations received	265,000	-
- Show	212,954	230,682
- Other AQHA Divisions	87,199	78,684
- Interest revenue	21,857	22,594
- Member subscriptions	580,425	613,004
Total Revenue	2,469,704	1,989,222

3 Result for the Year

The result for the year includes the following specific expenses

	2016	2015
	\$	\$
Other expenses:		
Superannuation contributions	56,506	51,788

	2016	2015
	\$	\$
Remuneration of auditor:		
- Audit of financial statements	11,260	11,800

4 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash at bank and on hand	1,340,585	914,434
	1,340,585	914,434

Notes to the Financial Statements
For the Year Ended 30 June 2016

5 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	8,717	3,290
Total current trade and other receivables	8,717	3,290

6 Inventories

	2016	2015
	\$	\$
CURRENT		
At cost		
Merchandise	12,982	13,671
	12,982	13,671

7 Property, Plant and Equipment

	2016	2015
	\$	\$
LAND AND BUILDINGS		
Land		
At fair value	359,447	359,447
Total Land	359,447	359,447
Building		
At fair value	1,595,410	1,595,410
Accumulated depreciation	(59,201)	(17,945)
Total buildings	1,536,209	1,577,465
Motor vehicles		
At cost	43,591	43,591
Accumulated depreciation	(27,894)	(24,271)
Total motor vehicles	15,697	19,320
Office equipment		
At cost	172,240	180,002
Accumulated depreciation	(107,324)	(104,702)
Total office equipment	64,916	75,300

Notes to the Financial Statements

For the Year Ended 30 June 2016

Computer equipment		
At cost	69,041	69,361
Accumulated depreciation	(54,784)	(48,985)
Total computer equipment	14,257	20,376
Total property, plant and equipment	1,990,526	2,051,908

The Company's land and buildings were revalued at 16 January 2015 by independent valuers. Valuations were made on the basis of open market value in an arm's length transaction based on similar properties.

8 Other Assets

	2016	2015
	\$	\$
CURRENT		
Prepayments	57,994	86,258
Accrued income	15,000	-
	72,994	86,258

9 Trade and Other Payables

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	165,932	124,718
Accrued expense	68,820	-
	234,752	124,718

10 Employee Benefits

	2016	2015
	\$	\$
CURRENT		
Provision for long service leave	19,820	9,555
Provision for annual leave	34,950	30,411
	54,770	39,966
NON-CURRENT		
Provision for long service leave	44,444	47,010

Notes to the Financial Statements
For the Year Ended 30 June 2016

11 Leasing Commitments

(a) Operating leases

	2016	2015
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	6,420	8,025
- between one year and five years	8,025	14,445
	<u>14,445</u>	<u>22,470</u>

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

12 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

13 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.

14 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Profit for the year	233,971	103,895
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	62,142	65,368
- net (gain) loss on disposal of property, plant and equipment	(1,102)	6,155
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(5,427)	7,615
- (increase)/decrease in prepayments	13,264	13,085
- (increase)/decrease in inventories	689	9,909
- increase/(decrease) in trade and other payables	110,034	5,083
- increase/(decrease) in employee benefits	12,238	(4,529)
Cashflow from operations	<u>425,809</u>	<u>206,581</u>

Notes to the Financial Statements

For the Year Ended 30 June 2016

15 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

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 18 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 2016 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
Peter John Bellden



Director
Patricia Sharon Wettenhall

Dated 15 August 2016

Australian Quarter Horse Association

ABN: 41 000 964 643

Independent Audit Report to the members of Australian Quarter Horse Association

Report on the Financial Statements

We have audited the accompanying financial statements, being a special purpose financial statements of Australian Quarter Horse Association, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Australian Quarter Horse Association

ABN: 41 000 964 643

Independent Audit Report to the members of Australian Quarter Horse Association

Opinion

In our opinion the financial statements of Australian Quarter Horse Association are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are 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.

Paul Cornall
Principal
Forsyths

92 Rusden Street, Armidale NSW

15 August 2016