



Forsyth's

Australian Quarter Horse Association

ABN: 41 000 964 643

Financial Statements
For the Year Ended 30 June 2017

www.forsyths.com.au

Australian Quarter Horse Association

ABN: 41 000 964 643

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30 June 2017

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Australian Quarter Horse Association

ABN: 41 000 964 643

Directors' Report

30 June 2017

Your directors present their report on Australian Quarter Horse Association for the financial year ended 30 June 2017.

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 22 years as a Director
Special responsibilities President

Paul Gerrard Lorimer

Qualifications Company Director
Experience 22 years as a Director
Special responsibilities Treasurer Show and Performance Portfolio

John Christopher Steel

Qualifications Manager for Out of Home Care for High Risk Adolescents
Experience 2 years as a Director. Elected 3 October 2015
Special responsibilities Deputy President Investigative Officer

Wendy Kim Johnson

Qualifications Business Owner, Silver Valley Ranch & Strathbogie International Equine Breeding Centre
Experience 16 years as a Director
Special responsibilities Vice President International and Stud Book Portfolio

Terrence John McSweeney

Qualifications Retired Postal Worker & Retired Air Force
Experience 12 years as a Director
Special responsibilities Amateur Portfolio

Ricky Noble Glen

Qualifications Horse Stud Manager
Experience 23 years as a Director
Special responsibilities Hall of Fame and Cattle & Timed Events Portfolios

Andrew Bruce Shield

Qualifications Retired Facilities Manager for CSIRO
Experience 3 years as a Director
Special responsibilities Affiliates Portfolio

Lorelei Jean Payne

Qualifications Horse Trainer
Experience 2 years as a Director
Special responsibilities Non-Traditional Portfolio

Australian Quarter Horse Association

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Directors' Report

30 June 2017

Information on directors

Joanne Gregory

Qualifications Performance Co-coordinator for Thales, Land & Air Systems

Experience 2 years as a Director

Special responsibilities Judging Portfolio

Craig Alexander Rath

Qualifications Customer Service Co-Coordinator, Goulburn-Murray Water

Experience 2 years as a Director

Special responsibilities Youth Portfolio

Kyle Mobberley

Qualifications Professional Trainer

Experience 1 year as a Director.

Special responsibilities Professional Trainers and Clinicians

Kate Suzanne Elliott

Qualifications Professional Trainer

Experience 1 year as a Director.

Patricia Sharon Wettenhall

Qualifications Self-employed horse breeder and trainer

Experience 12 years as a Director – not re-elected 8 October 2016

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

The Association became a beneficiary of an inheritance in the 2015/2016 financial year and received a further distribution from the Estate in the 2016/2017 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.

Directors' Report

30 June 2017

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 2017 the collective liability of members was \$ 110,360 (2016: \$ 107,060).

Australian Quarter Horse Association

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Directors' Report

30 June 2017

Meetings of directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were as follows:


	Directors' Meetings	
	Number eligible to attend	Number attended
Peter John Bellden	8	8
Paul Gerrard Lorimer	8	7
John Christopher Steel	8	7
Wendy Kim Johnson	8	8
Terrence John McSweeney	8	4
Ricky Noble Glen	8	7
Andrew Bruce Shield	8	6
Lorelei Jean Payne	8	7
Joanne Gregory	8	8
Craig Alexander Rath	8	8
Kyle Mobberley	4	4
Kate Suzanne Elliott	4	4
Patricia Sharon Wettenhall	4	4

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 2017 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:



Paul Gerrard Lorimer

Dated 9 August 2017

Armidale

92 Rusden Street
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ABN 24 935 296 225

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 2017, 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

09 August 2017

92 Rusden Street, Armidale NSW

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

Australian Quarter Horse Association

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	2	2,075,758	2,469,704
Administration		(393,032)	(377,792)
Shows		(288,610)	(340,988)
Youth World Cup		-	(328,640)
Employee costs		(654,778)	(707,773)
Registry		(179,647)	(193,006)
Board		(60,698)	(41,565)
Depreciation		(58,394)	(62,142)
Other AQHA Divisions		(213,662)	(182,754)
Memberships		(11,476)	(1,073)
Surplus for the year		215,461	233,971
Changes in fair value of available-for-sale financial assets	7	(15,891)	-
Other comprehensive income		(15,891)	-
Total comprehensive income for the year		199,570	233,971

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 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	834,882	1,340,585
Trade and other receivables	5	3,802	8,717
Inventories	6	8,087	12,982
Financial assets	7	574,109	-
Other assets	8	60,469	15,000
TOTAL CURRENT ASSETS		<u>1,481,349</u>	<u>1,377,284</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,983,189	1,990,526
Other assets	8	-	57,994
TOTAL NON-CURRENT ASSETS		<u>1,983,189</u>	<u>2,048,520</u>
TOTAL ASSETS		<u><u>3,464,538</u></u>	<u><u>3,425,804</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	93,521	234,752
Employee benefits	11	59,305	54,770
TOTAL CURRENT LIABILITIES		<u>152,826</u>	<u>289,522</u>
NON-CURRENT LIABILITIES			
Employee benefits	11	20,305	44,444
TOTAL NON-CURRENT LIABILITIES		<u>20,305</u>	<u>44,444</u>
TOTAL LIABILITIES		<u>173,131</u>	<u>333,966</u>
NET ASSETS		<u><u>3,291,407</u></u>	<u><u>3,091,838</u></u>
EQUITY			
Financial assets reserve		(15,891)	-
Land and Buildings revaluation reserve		620,435	620,435
Accumulated surpluses		2,686,863	2,471,403
TOTAL EQUITY		<u><u>3,291,407</u></u>	<u><u>3,091,838</u></u>

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 2017

2017

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

2016

	Accumulated Surpluses	Financial Assets Reserve	Land and Buildings Revaluation 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

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.

Australian Quarter Horse Association

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Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,264,844	2,692,953
Payments to suppliers and employees	(2,151,107)	(2,289,001)
Interest Received	21,277	21,857
Net cash provided by (used in) operating activities	15 <u>135,014</u>	<u>425,809</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(63,917)	(1,931)
Proceeds from sale property, plant and equipment	13,200	2,273
Purchase financial assets	(590,000)	-
Net cash used by investing activities	<u>(640,717)</u>	<u>342</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in cash and cash equivalents held	(505,703)	426,151
Cash and cash equivalents at beginning of year	1,340,585	914,434
Cash and cash equivalents at end of financial year	4 <u>834,882</u>	<u>1,340,585</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

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, and bank overdrafts.

(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 2017

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:

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. 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 2017

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 2017

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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

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

	2017	2016
	\$	\$
Revenue		
- Administration	171,085	154,791
- Registry	826,709	842,814
- Youth World Cup	3,702	304,664
- Donations received	145,130	265,000
- Show	218,217	213,009
- Other AQHA Divisions	75,275	87,581
- Interest revenue	21,277	21,857
- Investment Income	12,318	-
- Member subscriptions	602,045	579,988
Total Revenue	2,075,758	2,469,704

3 Result for the Year

The result for the year includes the following specific expenses

	2017	2016
	\$	\$
Other expenses:		
Superannuation contributions	51,971	56,506
	2017	2016
	\$	\$
Remuneration of auditor:		
Audit of financial statements	11,799	11,260
	11,799	11,260

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Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash at bank and on hand	<u>834,882</u>	<u>1,340,585</u>

5 Trade and Other Receivables

	2017	2016
	\$	\$
CURRENT Trade receivables	<u>3,802</u>	<u>8,717</u>

6 Inventories

	2017	2016
	\$	\$
CURRENT At cost Merchandise	<u>8,087</u>	<u>12,982</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2017

7 Financial Assets

	2017	2016
	\$	\$
CURRENT		
Financial assets (Managed funds)	574,109	-
Total	574,109	-

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:

	2017
	\$
Purchase of financial assets	590,000
Revaluation decrease	(15,891)
Balance at the end of year	574,109

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

	2017	2016
	\$	\$
CURRENT		
Prepayments	48,151	-
Accrued income	12,318	15,000
	60,469	15,000
NON-CURRENT		
Prepayments	-	57,994

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Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Property, Plant and Equipment

	2017	2016
	\$	\$
LAND AND BUILDINGS		
Land		
At fair value	359,477	359,447
Total Land	<u>359,477</u>	<u>359,447</u>
Building		
At fair value	1,595,380	1,595,410
Accumulated depreciation	(100,457)	(59,201)
Total buildings	<u>1,494,923</u>	<u>1,536,209</u>
Motor vehicles		
At cost	52,537	43,591
Accumulated depreciation	(179)	(27,894)
Total motor vehicles	<u>52,358</u>	<u>15,697</u>
Office equipment		
At cost	166,480	172,240
Accumulated depreciation	(109,351)	(107,324)
Total office equipment	<u>57,129</u>	<u>64,916</u>
Computer equipment		
At cost	80,419	69,041
Accumulated depreciation	(61,117)	(54,784)
Total computer equipment	<u>19,302</u>	<u>14,257</u>
Total property, plant and equipment	<u><u>1,983,189</u></u>	<u><u>1,990,526</u></u>

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.

10 Trade and Other Payables

	2017	2016
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	93,521	165,932
Accrued expense	-	68,820
	<u>93,521</u>	<u>234,752</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Employee Benefits

	2017	2016
	\$	\$
CURRENT		
Provision for long service leave	22,255	19,820
Provision for annual leave	37,050	34,950
	<u>59,305</u>	<u>54,770</u>
NON-CURRENT		
Provision for long service leave	<u>20,305</u>	44,444

12 Leasing Commitments

Operating leases

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	6,420	6,420
- between one year and five years	1,605	8,025
	<u>8,025</u>	<u>14,445</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 2017 (30 June 2016: None).

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.

Australian Quarter Horse Association

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Notes to the Financial Statements

For the Year Ended 30 June 2017

15 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2017	2016
	\$	\$
Profit for the year	215,461	233,971
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	58,394	62,142
- net (gain) loss on disposal of property, plant and equipment	(341)	(1,102)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	4,915	(5,427)
- (increase)/decrease in prepayments	12,525	13,264
- (increase)/decrease in inventories	4,895	689
- increase/(decrease) in trade and other payables	(141,231)	110,034
- increase/(decrease) in employee benefits	(19,604)	12,238
Cashflow from operations	<u>135,014</u>	<u>425,809</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

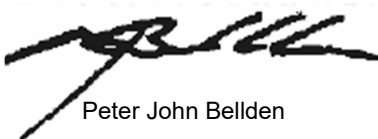
The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

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 2017 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



Paul Gerrard Lorimer

Dated 09 August 2017

Armidale

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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 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial statement 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 2017 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.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

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.

Forsyth

Chartered Accountants

P.R. Cornall

Paul Cornall
Partner

09 August 2017