

The Arabian Horse Society of Australia Limited

ABN 12 001 281 590

Annual Report - 31 December 2019

The Arabian Horse Society of Australia Limited

Contents

31 December 2019

Directors' report	2
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	23
Independent auditor's report to the members of The Arabian Horse Society of Australia Limited	24

The Arabian Horse Society of Australia Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of The Arabian Horse Society of Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

Directors

The following persons were directors of The Arabian Horse Society of Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

G Liddle (Chairperson)
L Williamson (Chairperson - resigned 30 March 2019)
S Benjamin (Senior Vice-Chairperson - resigned 7 March 2019)
K Fletcher Grieve (Senior Vice-Chairperson)
K Galea (Treasurer)
C Bilson
R Shipton (resigned 10 April 2019)
Y Downes
W Beasley (appointed 30 March 2019)
H Rowbottom (resigned 28 November 2019)
D Greene (appointed 17 June 2019)
G Lilley (appointed 30 March 2019)
J Luck (appointed 1 May 2019)

Principal Activities

The principal activities of The Arabian Horse Society of Australia Limited during the financial year were the organising of the WAHO Australia Conference, maintenance of breed purity coupled with promotions aimed at improving the popularity of the Arabian Horse in Australia, the compilation and the maintenance of the Stud Books, Registers and records of pure bred Arabian horses and their derivatives and the publication of the Arabian Horse News along with the distribution of a members newsletter the members bulletin.

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

Objectives

The company's short term objectives are to:

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

The company's long term objectives are to:

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

Strategy for achieving the objectives

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

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

The Arabian Horse Society of Australia Limited

Directors' report

31 December 2019

How principal activities assisted in achieving the objectives

The principal activities assisted the company in achieving its objectives by:

- Registering Purebred and Derivative horses.
- Providing avenues for members to exhibit Arabian horses.
- Providing opportunities for breed promotion.
- Industry growth and marketplace awareness.

Performance measures

The following measures are used within the company to monitor performance:

- Membership numbers achieved.
- New member involvement.
- Breed inquiries directly or indirectly.
- Annual horse registration numbers and other markers.
- Member participation in events provided.
- Costs of producing and attending events compared to efficacy.
- Import & export statistics.
- International interest in events & in Australia breeding programs.
- Sponsorship available and costs of raising sponsorship.

Information on directors

Name:	G Liddle
Title:	Chairperson
Qualifications:	Cert.IV Meat Inspection (Certificate of Competency) Cert. II Food Technology. Have 35 years experience in the meat industry. Holding positions from Meat Inspector, Quality Assurance Manager and Abattior Manager in several Export and Domestic Abattior's and Poultry Processing Plants
Experience and expertise:	Have been involved with breeding horses and ponies for over 35 years and have been heavily involved at management level with several societies. Including the NSW Arabian Horse Association for 15 years (10 as President), The Australian Saddle Pony Association (Life Member) and the Australian Pony Stud Book Society. International B Judge.
Special responsibilities:	Chairperson of the Board, Member of all Board Sub-Committees and Committees
Name:	K Fletcher-Grieve
Title:	Senior Vice-Chairperson
Qualifications:	Bachelor of Education
Experience and expertise:	B.Ed. (early childhood) for 30 years, owner/manager of family day care business for 2 years, ex swimming instructor, ex pony club instructor. Owner of Arabian and derivatives for over 30 years, member of AHSA since 1986, past committee member WAAHA for 10 years. Show rider, dressage competitor and SHC judge. Involved with Youth, Championship and JEC.
Special responsibilities:	National Panel Judge Senior Vice-Chairperson of the Board, Chairperson of Junior Development Sub-Committee, Member of Registry Sub-Committee
Name:	K Galea
Title:	Treasurer
Qualifications:	Secondary School Teacher – Health & Physical Education, Science Coordinator, Year level Coordinator, First Aid trainer, Small Business owner
Experience and expertise:	President of Victorian Arabian Horse Association.
Special responsibilities:	Treasurer, Member of Junior Development Sub-Committee, Member of Rule Book Sub-Committee, Member of registry Sub-Committee

The Arabian Horse Society of Australia Limited

Directors' report

31 December 2019

Name: C A Bilson
Title: Director
Qualifications: Certificate in Office Management
Level Two Tour Guide
Experience and expertise: Committee member of the Victorian Arabian Horse Association for over 10 years, 2 as Vice President and 5 as Chairman
Involved with the founding of the Show Horse Council of Victoria
Instructor and Trainer competing many different horses to a great success both Arabian and derivative.
Arabian enthusiast for more than 25 years.
Running of shows, marketing, membership drives, fundraising, account keeping and budgets, mediation and PR.
Previous chairman of the Australian championships committee, this role included the running of the show from start to finish.
National Panel Judge
Special responsibilities: Members of Junior Development Sub-Committee

Name: Y Downes
Title: Director
Qualifications: St Johns First Aid Certificate
Experience and expertise: Arabian Horse breeder 40 years. National Panel Judge AHSA Ltd. EA Dressage & Saddle Horse judge. Jumping Equitation Judge. Panel judge Buckskin, Pinto, Miniature Horse & Pony Society. Level 1 Coach EA & PCA. Previous teacher Horse Management Course NSW TAFE. President Tasmanian Crabbet Arabian Group. Secretary Burnie Ag Show Horse Committee. Life member South Coast (NSW) Equestrian Club & South Coast Arabian Riders & Breeders Society (NSW).
National Panel Judge
Special responsibilities: Chairperson of Archives Sub Committee, Member of Registry Sub Committees and Member of Rule Book Sub-Committee

Name: W Beasley (appointed 30 March 2019)
Title: Director
Experience and expertise: Owner/Director of an Electrical Contract Business. Running his own Electrical company for 30 years. Owner of Charaway Arabian Stud & Training Centre breeding Arabian horses for 34 years. President of AHQA for 2 years and 12 years as a committee member. Committee Member for the Arabian Valley Club. President of the Pan Pacific Club for 1 year and 4 years as a committee member.
Special responsibilities: Member of Junior Development Sub-Committee

Name: D Greene (appointed 17 June 2019)
Title: Director
Experience and expertise: Have been with the family stud, The Palms Arabians, breeding and showing Arabians for the past 35 years. Actively involved on Queensland Arabian committees on and off for the last 20+ years. Queensland State Manager for Clear Sales Australia, a pharmaceutical broker company, where she has been employed for over 20 years.

Name: G Lilley (appointed 30 March 2019)
Title: Director
Qualifications: Cert IV in Hospitality and Food Safety Supervisor
Experience and expertise: Ran own Hospitality Business for 21 years, Bank Officer for Commonwealth bank for about 10 years before that, photojournalist and freelance Horse photographer for the last 6 years, writing for the Arabian Horse news, Studs and Stallions, Hills and Hawkesbury and as unpaid publicity officer for the NSW Arabian Horse Association.
National Panel Judge.
Special responsibilities: Chairman of Promotions Sub-Committee, Member of Rule Book Sub-Committee, and Member of Judge Committee.

The Arabian Horse Society of Australia Limited

Directors' report

31 December 2019

Name:	J Luck (appointed 1 May 2019)
Title:	Director
Qualifications:	Bachelor of Applied Science-Nursing.
Experience and expertise:	South Australian Delegate for the Australian Endurance Riders Association, Member of South Australian Endurance Riders Association State Management Committee, Owner and breeder at Almazaan Stud. Actively breeding Arabians & Derivatives for 10 years. National Endurance competitor for 14 years. Many years of involvement with Northern Hills Pony Club as President. Secretary, Treasurer and Level 1 Instructor. Retired Salisbury CF member. Retired State representative swimmer as youth.
Special responsibilities:	Member of Archives Sub-Committee. Endurance Riding Liaison.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
G Liddle	5	5
L Williamson (resigned 30 March 2019)	1	1
S Benjamin (resigned 7 March 2019)	1	1
K Fletcher Grieve	5	3
K Galea	5	4
C Bilson	5	5
R Shipton (resigned 10 April 2019)	1	1
Y Downes	5	5
W Beasley (appointed 30 March 2019)	5	5
H Rowbottom (resigned 28 November 2019)	4	3
D Greene (appointed 17 June 2019)	3	3
G Lilley (appointed 30 March 2019)	5	5
J Luck (appointed 1 May 2019)	4	3

Held: represents the number of meetings held during the time the director held office.

Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company.

At 31 December 2019, the total amount that members of the company are liable to contribute if the company wound up is \$51,920 (2018: \$59,020).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

The Arabian Horse Society of Australia Limited
Directors' report
31 December 2019

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



G Liddle
Chairperson

Sth March 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE AUSTRALIAN HORSE
SOCIETY OF AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief during the year ended
31 December 2019 there have been:

- No contraventions of the auditor independence requirements as set out in the
Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the
audit.

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

Michele Nevill

Michele Nevill
Partner

Sydney, 5 March 2020

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

The Arabian Horse Society of Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue	4	1,037,217	1,014,318
Expenses			
Directors		(16,987)	(15,524)
Events - championships		(153,465)	(158,437)
Insurance		(82,315)	(59,254)
Judges guild		(10,424)	(16,984)
Testing		(36,125)	(55,937)
WAHO		(277,297)	(37,427)
Payroll		(313,328)	(285,401)
Events - Youth championships		(15,938)	(14,081)
Administration costs		(364,084)	(203,577)
Merchandise		(8)	(5,751)
		<hr/>	<hr/>
Surplus/(deficit) before income tax expense		(232,754)	161,945
Income tax expense		<hr/> -	<hr/> -
Surplus/(deficit) after income tax expense for the year attributable to the members of The Arabian Horse Society of Australia Limited	14	(232,754)	161,945
Other comprehensive income for the year, net of tax		<hr/> -	<hr/> -
Total comprehensive income for the year attributable to the members of The Arabian Horse Society of Australia Limited		<hr/> <u>(232,754)</u>	<hr/> <u>161,945</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	169,636	306,542
Trade and other receivables	6	10,235	28,581
Inventories	7	49,001	60,938
Investments	8	471,136	570,094
Other	9	23,529	114,490
Total current assets		<u>723,537</u>	<u>1,080,645</u>
Non-current assets			
Property, plant and equipment	10	748,684	817,276
Total non-current assets		<u>748,684</u>	<u>817,276</u>
Total assets		<u>1,472,221</u>	<u>1,897,921</u>
Liabilities			
Current liabilities			
Trade and other payables	11	133,737	349,367
Provisions	12	167,870	145,186
Total current liabilities		<u>301,607</u>	<u>494,553</u>
Total liabilities		<u>301,607</u>	<u>494,553</u>
Net assets		<u>1,170,614</u>	<u>1,403,368</u>
Equity			
Reserves	13	136,903	136,903
Retained surpluses	14	1,033,711	1,266,465
Total equity		<u>1,170,614</u>	<u>1,403,368</u>

The above statement of financial position should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Statement of changes in equity
For the year ended 31 December 2019

Consolidated	Capital Reserve Profits \$	Retained profits \$	Total equity \$
Balance at 1 January 2018	136,903	1,104,520	1,241,423
Surplus after income tax expense for the year	-	161,945	161,945
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	161,945	161,945
Balance at 31 December 2018	<u>136,903</u>	<u>1,266,465</u>	<u>1,403,368</u>

Consolidated	Capital Reserve Profits \$	Retained profits \$	Total equity \$
Balance at 1 January 2019	136,903	1,266,465	1,403,368
Deficit after income tax expense for the year	-	(232,754)	(232,754)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(232,754)	(232,754)
Balance at 31 December 2019	<u>136,903</u>	<u>1,033,711</u>	<u>1,170,614</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Statement of cash flows
For the year ended 31 December 2019

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		660,837	1,157,414
Payments to suppliers and employees		(905,841)	(920,330)
Interest received		13,530	9,189
		<u> </u>	<u> </u>
Net cash from/(used in) operating activities		<u>(231,474)</u>	<u>246,273</u>
Cash flows from investing activities			
Payments for held-to-maturity investments		-	(94)
Payments for property, plant and equipment	10	(3,926)	(122,199)
Proceeds from disposal of property, plant and equipment		(464)	-
Proceeds from release of term deposits		98,958	-
		<u> </u>	<u> </u>
Net cash from/(used in) investing activities		<u>94,568</u>	<u>(122,293)</u>
Net cash from financing activities			
		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(136,906)	123,980
Cash and cash equivalents at the beginning of the financial year		<u>306,542</u>	<u>182,562</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>169,636</u></u>	<u><u>306,542</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 1. General information

The financial statements cover The Arabian Horse Society of Australia Limited as a consolidated entity consisting of The Arabian Horse Society of Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is The Arabian Horse Society of Australia Limited's functional and presentation currency.

The Arabian Horse Society of Australia Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on ____ March 2020.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The AASB has issued new, revised and amending Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of the Standards, but do not expect the adoption of these standards to have any impact on the reported position or performance of the company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Arabian Horse Society of Australia Limited ('company' or 'parent entity') as at 31 December 2019 and the results of all subsidiaries for the year then ended. The Arabian Horse Society of Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Rendering of services revenue is recognised upon the delivery of the service to the customers.

Subscription income from members is recognised over the period of the subscription. The subscription year is January to December, which is in line with the company's financial year. Income received before year end for the subsequent year is reflected as revenue in advance.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 2. Significant accounting policies (continued)

DNA fees in advance are recognised after twelve months have passed and no DNA has been processed.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. Subsidiaries of the company are not exempt from income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Note 2. Significant accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments

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

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Land and buildings are shown at cost less subsequent depreciation and impairment for buildings.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated using the depreciation rates as follows:

Building improvements	2.5% (straight line)
Plant and equipment	10%-66% (diminishing)
Computer equipment and software	30% - 66% (diminishing)
Archive Property	20% (diminishing)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and the probability that the employee may not satisfy vesting requirements. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

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

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	Consolidated	
	2019	2018
	\$	\$
<i>Sales revenue</i>		
Judges guild	12,340	13,823
Contracts - riding pony	70,661	69,316
Events - Australian championships	202,784	237,334
Events - Youth championships	23,968	27,801
Insurance	10,644	11,526
Membership	234,055	249,463
Merchandise	2,358	339
Registry	150,378	187,861
Testing	46,282	63,408
Events - WAHO	176,103	139,074
	<u>929,573</u>	<u>999,945</u>
<i>Other revenue</i>		
Fines - failed drug test	10,909	-
Insurance claim proceeds	80,390	-
Interest	15,528	14,215
Postage	817	158
	<u>107,644</u>	<u>14,373</u>
Revenue	<u><u>1,037,217</u></u>	<u><u>1,014,318</u></u>

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash on hand	200	200
Cash at bank	169,436	306,342
	<u>169,636</u>	<u>306,542</u>

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 6. Current assets - trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	2,285	22,629
Interest receivables	7,950	5,952
	<u>10,235</u>	<u>28,581</u>

Note 7. Current assets - inventories

	Consolidated	
	2019	2018
	\$	\$
Inventory	54,428	66,365
Less: Provision for impairment	(5,427)	(5,427)
	<u>49,001</u>	<u>60,938</u>

Note 8. Current assets - investments

	Consolidated	
	2019	2018
	\$	\$
Term deposits	<u>471,136</u>	<u>570,094</u>

Note 9. Current assets - other

	Consolidated	
	2019	2018
	\$	\$
Prepayments	<u>23,529</u>	<u>114,490</u>

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

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

	Consolidated	
	2019	2018
	\$	\$
Land and buildings - at cost	489,654	489,654
Building improvements - at cost	125,514	125,514
Less: Accumulated depreciation	(16,242)	(12,990)
	<u>109,272</u>	<u>112,524</u>
Plant and equipment - at cost	74,939	75,646
Less: Accumulated depreciation	(53,172)	(49,435)
	<u>21,767</u>	<u>26,211</u>
Computer equipment and software - at cost	231,160	233,636
Less: Accumulated depreciation	(104,115)	(45,939)
	<u>127,045</u>	<u>187,697</u>
Archive Property - at cost	17,970	17,970
Less: Accumulated depreciation	(17,024)	(16,780)
	<u>946</u>	<u>1,190</u>
	<u><u>748,684</u></u>	<u><u>817,276</u></u>

Note 11. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	2,262	74,166
Other payables	77,426	66,438
Revenue in advance	54,049	208,763
	<u>133,737</u>	<u>349,367</u>

Note 12. Current liabilities - provisions

	Consolidated	
	2019	2018
	\$	\$
Annual leave	57,511	48,037
Long service leave	110,359	97,149
	<u>167,870</u>	<u>145,186</u>

Note 13. Equity - reserves

	Consolidated	
	2019	2018
	\$	\$
Capital profits reserve	<u>136,903</u>	<u>136,903</u>

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 14. Equity - retained surpluses

	Consolidated	
	2019	2018
	\$	\$
Retained surpluses at the beginning of the financial year	1,266,465	1,104,520
Surplus/(deficit) after income tax expense for the year	(232,754)	161,945
	<u>1,033,711</u>	<u>1,266,465</u>
Retained surpluses at the end of the financial year	<u>1,033,711</u>	<u>1,266,465</u>

Note 15. Financial Risk Management

The company's financial instruments consist of deposits with banks, accounts receivable and payable and leases.

Note 16. Contingent liabilities

The company had no contingent liabilities as at 31 December 2019 and 31 December 2018.

Note 17. Capital and Leasing Commitments

	Consolidated	
	2019	2018
	\$	\$
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	25,461	21,921
One to five years	73,852	82,202
	<u>99,313</u>	<u>104,123</u>

The operating leases represent leases payable on printing equipment.

Note 18. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 21.

Key management personnel

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

Transactions with related parties

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

Note 19. Key Management Personnel disclosures

No remuneration was paid to key management personnel of the company for the 2019 and 2018 financial years.

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

During the year, total director related expenses paid by the company amounted to \$20,004 (2018: \$14,933) comprising of accommodation, air fares, parking and other travel expenses.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 20. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Surplus/(deficit) after income tax	(221,821)	148,874
Total comprehensive income	(221,821)	148,874

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	722,931	1,062,892
Total assets	1,471,615	1,880,168
Total current liabilities	303,139	489,871
Total liabilities	303,139	489,871
Equity		
Capital profits reserve	136,903	136,903
Retained surpluses	1,031,573	1,253,394
Total equity	<u>1,168,476</u>	<u>1,390,297</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

The Arabian Horse Society of Australia Limited
Notes to the financial statements
31 December 2019

Note 21. Controlled Entities

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
The Arabian Racing and Jockey Club Pty Limited *	Australia	100.00%	100.00%
The Arabian Horse Judges & Officials Guild of Australia Pty Ltd **	Australia	100.00%	100.00%
The Arabian Horse Shows & Events Company of Australia Pty Ltd **	Australia	100.00%	100.00%

* The investment company, The Arabian Racing and Jockey Club Pty Limited, is dormant at year end and has been dormant throughout the year. The investment has no value.

** Prior to year end an application was made to ASIC to deregister The Arabian Horse Judges & Officials Guild of Australia Pty Ltd & The Arabian Shows & Events Company of Australia Pty Ltd. The application was granted and the companies were officially deregistered on 20 February 2020.

Note 22. Events after the reporting period

Prior to year end an application was made to ASIC to deregister The Arabian Horse Judges & Officials Guild of Australia Pty Ltd & The Arabian Shows & Events Company of Australia Pty Ltd. The application was granted and the companies were officially deregistered on 20 February 2020.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Company Details

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

The Arabian Horse Society of Australia Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



G Liddle
Chairperson

 March 2020

The Arabian Horse Society of Australia Limited

Independent Auditor's Report to Members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Arabian Horse Society of Australia Limited. (the Company and its subsidiaries (the Group)), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the 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 31 December 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, 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.

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2019 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.

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.



William Buck
Chartered Accountants
ABN 16 021 300 521



Michele Nevill
Partner

Sydney, 5 March 2020