

Australian Alpaca Association Limited

A.C.N. 067 146 481

A.B.N 30 067 146 481

**SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2016**

Australian Alpaca Association Limited

ABN 30 067 146 481

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FINANCIAL YEAR ENDED 30 JUNE 2016**

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Australian Alpaca Association Limited
ABN 30 067 146 481

**SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2016**

Your Directors present their report on the Company for the financial year ended 30 June 2016.

Directors

The names of the Directors in office at any time during the year and to the date of this report are:

Mrs Michelle Malt, President
Mr Greg Scarlett, Vice President
Mr Nick De Bruyn, Company Secretary
Mrs Chris Cronshaw, Treasurer
Mrs Dinah Fisher
Mr Jeff Willis
Mrs Annette Woodgate
Mrs Fiona Vanderbeek (appointed 13 September 2015)
Mr Ian Braithwaite (resigned 30 March 2016)

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

Company Secretary

Mr Nick De Bruyn, a Director of the Company was appointed Company Secretary on 25/02/2015.

Short and Long Term Objectives

The objectives of the Company are to sustain and expand the alpaca industry, provide services to its members and promote and advance the breed standard and husbandry of alpacas as an agricultural resource to Australia.

Strategy for Achieving Short and Long Term Objectives

The Company's strategy has been to promote and advance the purity of the alpaca breed, utilizing the International Alpaca Registry. In addition, its strategy has been to foster the marketing of alpaca products and encourage a relationship with the industries associated with those activities.

Principal Activities

The principal activities of the Company during the financial year were to provide an animal register, publications, merchandise and organise events relevant to members in the Alpaca industry.
No significant changes in the nature of the entity's activity occurred during the financial year.

These principal activities assisted in achieving the objectives of the Company by monitoring the breeding of the alpaca here in Australia and by promoting the Industry at the various events held during the year, and in doing so, advance the breed to the general public.

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Measurement of Performance by the Company

The Company measures its performance by the growth in new members, membership renewals of existing members and the number of registration of animals. During the past twelve months, income from memberships and membership renewals has declined. Membership numbers have remained static.

Operating Results

The operating results show a deficit of \$83,097 for the financial year ending 30 June 2016, (2015 – deficit of \$176,879).

Review of Operations

A review of operations of the entity during the financial year indicates that total national revenue decreased by \$13,906 from 2015 and that total national expenditure decreased by \$89,847 from 2015.

In regard to expenditure, while the board has been vigilant in respect of managing expenditure during the financial year there was an increased focus on industry promotion and marketing. A rebate of \$52,109 was received from ABRI in respect of administration charges from 2009.

The overall deficit of \$83,097 has occurred as a result of the National operations deficit of \$78,722 and a combined Region's operations deficit of \$4,375.

The focus for the 2016/2017 budget is to have a small surplus. The Board recognises its responsibility to maintain an adequate level of cash reserves to ensure good financial management of the company for the benefit of its members and for the industry at large.

There have been provisions for staff entitlements recognised as at 30 June 2016 financial year, which have been based on best estimates at the current time of the amounts required to settle the obligations at the reporting date.

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial year other than as disclosed.

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After Reporting Date Events

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

Future Developments

Other than undertaking various budgeted projects and industry promotion, the entity expects to maintain the present status and level of operations and hence there are no other likely developments in the entity's operations.

Environmental Issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

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Information on Directors

Mrs Michelle Malt (President)

Qualifications: Diploma of Teaching, Associate ANZIIF (General Insurance)

Experience: Past President South Queensland Northern NSW Region AAA, an Alpaca Breeder since 2005. Currently self-employed in livestock farming and delivery business. Previous experience includes 20+ years in the Financial Services industry across a range of Management roles and four+ years self-employed small business incorporating retail and service provision. Honorary Secretary of the local Show Society for the past five years. AAA Ltd Director since October 2010 and President since October 2012.

Portfolio responsibility: International Relations, Regional Handover, Office Administration, Showing and Judging, Biosecurity and Animal Welfare

Regional responsibility: Overseas

Mr Greg Scarlett (Vice President)

Qualifications: Bachelor of Pharmacy.

Experience: President South Australia Region AAA (since 2012), an Alpaca Breeder since 2000. Currently self-employed in pharmacy (owner of two community pharmacies in Adelaide). Specialty practice in Aged Care services and Medication Management Review programs. Member Pharmacy Guild of Australia. Currently a member of the SA Branch committee, a member of the Finance and Audit committee, and media spokesperson. Member, Australian College of Pharmacy. Associate Member of the Australian Association of Consultant Pharmacy. Experience in hospital pharmacy practice. Also, tutoring with UniSA in the Bachelor of Pharmacy course with final year students. Experience in practice based research activities with UniSA Pharmacy School in medication management programs.

Portfolio responsibility: Research Development Extension and Sustainability, Breed Standards

Regional responsibility: Western Australia

Mrs Christine Cronshaw (Treasurer)

Qualifications: Bachelor of Business degree in accounting as well as a Diploma in financial planning.

Experience: An Accountant by profession with related experience in financial planning, taxation and insurance, as well as knowledge of audit procedures.

Portfolio Responsibilities: Audit Risk and Finance, Financial Management

Regional Responsibilities: Victoria – Central

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Mr Nick De Bruyn (Company Secretary)

Qualifications: TAFE Financial Accounting Certificate; Certified Shopping Centre Manager - Property Council of Aust; Registered Land Agent – Retired; Justice of the Peace – Adelaide Magistrates Court plus City of Tea Tree Gully roster and Company Director – Deville Investments Pty Ltd & Shandara Pty Ltd

Experience: 25 years in the commercial property development and management industry, 18 years with the Westfield Group. An alpaca breeder for five years, three years of which has been on the SA regional committee as well as the 2014 National Conference Committee. Active member of the Country Fire Service – Paracombe SA brigade

Portfolio responsibility: Public Officer (Governance / Constitution), Integrity, NLIS implementation, Audit Risk and Finance committee member

Regional responsibility: Tasmania, Victoria - Western

Mrs Dinah Fisher

Qualifications: Bachelor of Architecture, Graduate Diploma of Education (VET)

Experience: AAA Board member October 2011 to the present, past Vice-President and Newsletter editor, Member AAA Central Western NSW regional committee since 2001

Portfolio Responsibilities: Public Relations, Marketing and Promotion, Australian Alpaca Week

Regional Responsibilities: New South Wales – Sydney Coast and Highlands, Southern.

Mr Jeff Willis

Qualifications: Graduate Certificate – Management; Associate Diploma - Business Marketing; Certificate lighting Engineering; Cert IV Workplace Training and Assessment, Electrical Fitter/Mechanic

Experience: An Alpaca breeder since 2001, AAA Queensland Regional Committee for six years (two years as President), convener of two Queensland 'Focus' conferences; Apex Australia past club president; District Governor and life member; Surf Lifesaving, past chairman of Nippers, Club President and life member.

Portfolio responsibility: Market Access Trade and Commercialisation (Fibre Market Development, Meat and Hides, Export, Branding)

Regional responsibility: South QLD / Northern NSW, Queensland.

Mrs Annette Woodgate

Qualifications: Bachelor of Pharmacy

Experience: Currently employed as a Manager of a Retail Community Pharmacy, an Alpaca Breeder since 2005, involved in AFN (Aust) – a voluntary fleece collection point, active in collecting and selling all alpaca fibre. Past experience includes 36 years owning and managing retail pharmacies.

Portfolio responsibility: Membership Services, Constitution Review working party

Regional responsibility: South Australia, Victoria - Eastern

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Mrs Fiona Vanderbeek

Qualifications: Masters in Health Management (City University, London)

Experience: An alpaca breeder since 2002 with a previous 20+ year career in senior management positions in hospitals and general practice. Currently self-employed as full-time manager of the family farm and associated business interests. AAA Ltd Director since 2015.

Portfolio responsibility: Training and Education

Regional responsibility: NSW – Hawkesbury Blue Mountains, Central Coast and Hunter

Mr Ian Braithwaite

Qualifications: MA (Marketing) Lancaster, Grad.Cert Higher Ed UNSW, Dip.App.Sci (Ag) HAC, Ass.Dip. Small Bus NRCAE

Experience: Five years on HBM Regional Committee – 2009 to 2014, an Alpaca Breeder since 1996. Employed at Charles Sturt University since 2003, previously University of Western Sydney 1992 to 2003, UNSW 1990 to 1992

Portfolio responsibility: Biosecurity and Animal Welfare, Animal Health Australia, EADRA, JD MAP, Q-Alpaca

Regional responsibility: New South Wales – Hawkesbury/Blue Mountains, Central Western

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Meetings of Directors

During the financial year, sixteen (16) meetings of the directors were held.
Attendance by each director was as follows:

	Directors Meetings	
	No Eligible to Attend	No Attended
Mrs Michelle Malt (President)	16	16
Mrs Christine Cronshaw (Treasurer)	16	16
Mr Greg Scarlett (Vice President)	16	12
Mr Nick De Bruyn (Company Secretary)	16	14
Mrs Dinah Fisher	16	13
Mr Jeff Willis	16	15
Mrs Annette Woodgate	16	16
Mr Ian Braithwaite (resigned 30 March 2016)	13	12
Mrs Fiona Vanderbeek (appointed 13 September 2015)	12	12

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Indemnifying Officers of Auditor

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity. Insurance premiums have been paid for Directors and Officers professional indemnity insurance cover.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings, other than disclosed in the Notes to the Financial Statements. The entity was not a party to any such proceedings during the year.

Members Guarantee


The Company is incorporated under the Corporations Act 2011 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 \$10 each towards any outstanding obligations of the Company, while they are a member or within one year of their membership ceasing. At 30 June 2016, the total amount that members of the company are liable to contribute if the Company is wound up is \$19,310 (2015 \$19,190).

Auditors Independence Declaration


The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 11 of the Financial Report.

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

President


.....
Mrs Michelle Malt

Treasurer


.....
Mrs Christine Cronshaw

Dated this 7th day of SEPTEMBER 2016

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE BOARD OF THE
AUSTRALIAN ALPACA ASSOCIATION LIMITED**

In relation to our audit of the financial report of the Australian Alpaca Association Limited for the financial year ended 30 June 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Crowe Horwath Vic

CROWE HORWATH VIC



GORDON ROBERTSON
Partner
Date: 7 September 2016

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

STATEMENT OF PROFIT OR LOSS

	NOTE	2016 \$	2015 \$
REVENUE			
Members subscriptions and fees		288,712	300,123
Members animal registration & screening income		373,752	387,423
Events and Sponsorship		131,834	144,271
National conference		-	(1,364)
Sales of publications and advertising		37,927	49,884
Sales of merchandise		22,737	27,813
Interest received		18,955	30,057
Rent received		20,540	20,675
Sundry Income		56,568	6,049
TOTAL REVENUE		951,025	964,931
EXPENDITURE			
Audit Fees - audit/review the financial report		9,800	4,625
Bank Charges		4,568	5,173
Computer and website expenses		30,783	20,736
Depreciation of property plant and equipment		18,703	24,766
Event expenses		208,818	142,460
Finance costs - interest paid regions		-	7,215
Industry promotion and marketing expenses		135,926	111,767
Insurances		17,838	18,684
Magazine and newsletter expenses		69,769	79,474
Merchandise		16,552	20,420
National Conference		-	1,702
Occupancy & property expenses		10,140	13,957
Printing, stationery and postage		17,522	16,153
Professional fees – accounting/legal		15,350	21,651
Net regional expenditure	2	32,737	50,578
Registration & membership expenses		76,533	103,098
Rental expenses on operating leases		2,520	2,520
Research and development costs		40,134	40,003
Salary, wages, and superannuation contributions		219,750	298,472
Showing and judging expenses		25,521	25,324
Special projects		-	17,233
Telephone and fax		12,266	15,887
Training		6,633	25,263
Travel, accommodation and meeting expenses		57,335	70,117
Other expenses		4,924	4,532
TOTAL EXPENDITURE		1,034,122	1,141,810
NET LOSS BEFORE INCOME TAX			
- NATIONAL OPERATIONS		(78,722)	(169,755)
- REGIONAL OPERATIONS		(4,375)	(7,124)
Income tax expense		-	-
NET LOSS FOR THE YEAR		(83,097)	(176,879)
NET LOSS ATTRIBUTABLE TO			
MEMBERS OF THE ENTITY		(83,097)	(176,879)

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2016 \$	2015 \$
NET (DEFICIT) FOR THE YEAR		(83,097)	(176,879)
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX			
Net surplus on revaluation of non-current assets	8	82,050	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>82,050</u>	<u>-</u>
TOTAL COMPREHENSIVE (DEFICIT) FOR THE YEAR		<u>(1,047)</u>	<u>(176,879)</u>
TOTAL COMPREHENSIVE (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>(1,047)</u>	<u>(176,879)</u>

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

STATEMENT OF FINANCIAL POSITION

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,057,410	1,062,578
Trade and other receivables	4	60,556	29,973
Other assets	5	29,168	40,051
Inventory	6	22,756	22,103
TOTAL CURRENT ASSETS		<u>1,169,890</u>	<u>1,154,705</u>
NON-CURRENT ASSETS			
Financial assets	7	70,000	70,000
Property, plant and equipment	8	766,377	718,729
TOTAL NON - CURRENT ASSETS		<u>836,377</u>	<u>788,729</u>
TOTAL ASSETS		<u>2,006,267</u>	<u>1,943,434</u>
CURRENT LIABILITIES			
Trade and other payables	9	64,112	70,617
Income in advance	10	278,898	200,178
Short term provisions	11	32,236	40,571
TOTAL CURRENT LIABILITIES		<u>375,246</u>	<u>311,366</u>
TOTAL LIABILITIES		<u>375,246</u>	<u>311,366</u>
NET ASSETS		<u>1,631,021</u>	<u>1,632,068</u>
EQUITY			
Retained earnings		1,118,523	1,201,620
Revaluation asset reserve		292,498	210,448
General reserve		220,000	220,000
TOTAL EQUITY		<u>1,631,021</u>	<u>1,632,068</u>

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings	Asset Revaluation Reserve	General Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2014	1,378,499	210,448	220,000	1,808,947
Comprehensive (Loss)				
Deficit attributable to the entity	(176,879)	-	-	(176,879)
Revaluation /(Devaluation)	-	-	-	-
Total comprehensive loss	(176,879)	-	-	(176,879)
Balance at 30 June 2015	1,201,620	210,448	220,000	1,632,068
Comprehensive Income/(Loss)				
Deficit attributable to the entity	(83,097)	-	-	(83,097)
Revaluation /(Devaluation)	-	82,050	-	82,050
Total comprehensive Income/(loss)	(83,097)	82,050	-	(1,047)
Balance at 30 June 2016	1,118,523	292,498	220,000	1,631,021

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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STATEMENT OF CASH FLOWS

	NOTE	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and tenants and rebates		1,156,874	1,342,846
Receipts from sales of publications and advertising		76,151	94,027
Receipts from sales of merchandise		36,548	42,436
Interest received		19,076	37,680
Payments to suppliers and employees		(1,291,722)	(1,500,352)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	17	(3,073)	16,637
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		(2,095)	(27,012)
NET CASH USED IN INVESTING ACTIVITIES		(2,095)	(27,012)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,168)	(10,375)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,062,578	1,072,953
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,17	1,057,410	1,062,578

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Australian Alpaca Association Limited as an individual entity, incorporated and domiciled in Australia. Australian Alpaca Association Limited is a not-for-profit company.

Statement of Compliance

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to meet the needs of the members.

The financial report has been prepared in accordance with 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 the previous period unless stated otherwise.

Basis of Preparation

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048, 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained under changes in accounting policies.

(a) Income Tax

The Company is a non-profit income tax exempt organisation and accordingly under Section 50-40 of Division 50 of the 1997 Income Tax Assessment Act is not subject to Income tax on its income and expenses.

(b) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at banks, cash on deposit at call and term deposits with maturities of less than three months.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less where applicable, accumulated depreciation and impairment losses.

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Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings. The last valuation was conducted on 1 June 2016 by Lawrence Commercial Blackburn (refer to Note 8).

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are charged against fair value reserves directly in equity. All other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less 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.

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

National Office

Depreciation is provided on office furniture, fittings and equipment. Depreciation is calculated on a straight line basis so as to write off the cost of any computer equipment over a three year period and all other assets over a five year period, from the time the asset is held ready for use. Assets costing less than \$500 are expensed in full.

Building and Property Improvements

The land and building components of the property located at Unit 2, 613 Whitehorse Road, Mitcham have been split on the basis of the land valuation reflected on the current City of Whitehorse council rates notice.

Regions

Regional plant and equipment consists mainly of display equipment, pen panels, gates, etc, which due to their heavy usage are written off over a three year period using the straight line method of depreciation. Any asset purchases costing less than \$500 are written off as an expense in the year incurred.

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

Building	2.5%
Property Improvements	10%
Computer equipment	33.33%
Furniture, fittings and other equipment	20.00%
Regional plant and equipment	33.33%

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The assets' residual values 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 assets 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 or losses are included in the Income Statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its 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 assets carrying amount. Any excess of the assets carrying amount over its recoverable amount is expensed to the Statement of Profit or Loss.

(e) Financial Instruments Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or losses in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

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ii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

iv. Trade and other payables

Trade and other payables are non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employees are entitled to four weeks annual leave each year and a provision for annual leave (measured at its nominal amount owing at the end of the reporting period) has been recorded as a current liability in the financial statements, with the benefits being expected to be extinguished during the next financial year. The provision for annual leave includes a leave loading component.

A provision for long service leave has been recorded in the financial statements for employees with greater than seven years' service.

No provision for personal leave has been recorded in the financial statements as although personal leave is cumulative, it is not paid out when an employee leaves the Company's employment.

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(g) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimates at the current time of the amounts required to settle the obligation at reporting date.

(h) Intangibles

i Research and Development Expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred. The research and development expenditure for the 2016 financial year relates to monies paid to the Rural Industries Research and Development Corporation.

ii Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(i) Inventory of Merchandise and Publications

Inventory on hand consists mainly of ear tags, ear tag applicators, promotional material and reference material. Merchandise held for sale is measured at cost and adjusted to net realisable value when cost exceeds sales potential.

(j) Revenue

Revenue is recognised at the fair value of the consideration received.

Revenue from rendering service is recognised upon delivery of service to the members and/or customers. Revenue from the sale of merchandise and publications is recognised when the significant risks and rewards of ownership are transferred to the buyer.

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

Dividends received are recognised when they are received or when the right to receive payment is established.

(k) Membership Subscription Revenue/Advance Revenue

Membership subscription notices for the year ending 30 June 2017 were forwarded to members in June 2016. Amounts paid by members before 30 June 2016 have been included as a Current Liability – Advance Revenue, in the financial statements.

Income in advance relates to income received before reporting date and has been recorded in the Statement of Financial Position as a liability. The income in advance includes member's subscriptions for the 2016/2017 financial year and National Show & Sale Income received in advance.

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(l) Prepayment / Advance Revenue

Expenses prepaid in relation to events occurring after balance date have been recorded in the Statement of Financial Position. This also reflects the National Show and Sale being held in August 2016. Expenditure in relation to these events has been recorded in the Statement of Financial Position as a current asset.

(m) Good and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are inclusive of GST.

(n) Leased Assets

All leases that the Company has entered into are classified as operating leases, where substantially all the risks, benefits and ownership remain with the lessor of the assets. Lease payments are charged as expenses in the period in which they are incurred.

(o) Economic Dependence

The Company is dependent upon membership subscriptions and animal registration fees for the majority of its revenue. As at the date of this report, the Directors are aware that there are external factors (global financial situation) that will affect these sources of Company Income.

(p) Comparative Figures

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

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(q) Critical Accounting Estimates and Judgements

The Board of Directors evaluate estimates and judgements incorporated into the Financial Report 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 group.

(r) Key Estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key elements.

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(s) Key Judgements – Provision for Impairment

The Directors have determined that no provision for impairment was required as at 30 June 2016 and 30 June 2015 in the Company in relation to the value of the direct investment in Australian Alpaca Fleece Limited, following a review of the 30 June 2015 Audited Financial Statements of AAFL and the unaudited Statement of Financial Position as at 30 June 2016.

The Board of Directors note that the investment in the ordinary shares and preference shares of Australian Alpaca Fleece Limited has been recorded at cost (Refer to Note 7). This represents a departure from AASB 139 *Financial Instruments: Recognition and Measurement* which states that an available-for-sale investment should be recorded at fair value. Due to the fact that shares in AAFL are not readily traded, the directors are unable to determine the fair value of the investment.

(t) Adoption of New and Revised Accounting Standards

The company has adopted the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards impacted the recognition, measurement and disclosure of certain transactions. No material impacts occurred in the current financial year.

u) Reimbursement of Membership Expenses

The company received a credit from ABRI for processing costs during the year amounting to \$52,109 in relation to charges from 2009.

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2 REGIONAL INCOME & EXPENDITURE	2016	2015
	\$	\$
REVENUE		
Advertising/sponsorship	38,224	40,238
Auction income	14,325	16,490
Education and training	7,983	3,202
Interest received	121	7,623
Merchandise & asset sales	13,811	14,623
Newsletter income	2,275	3,905
Show/event income	206,325	271,236
Sundry & website	6,423	9,067
	<u>289,487</u>	<u>366,384</u>
EXPENDITURE		
Advertising/sponsorship/trophies	18,792	29,529
Auction expenses	1,700	3,933
Depreciation of assets	17,794	19,877
General administration expenses	10,125	14,157
Merchandise purchases	8,980	13,019
Newsletter expenses	4,376	11,052
Show/event expenses	242,291	299,891
Sundry & equipment expenses	14,935	19,696
Training/courses	3,231	5,808
	<u>322,224</u>	<u>416,962</u>
NET REGIONAL DEFICIENCY	<u>(32,737)</u>	<u>(50,578)</u>
3 CASH AND CASH EQUIVALENTS		
Petty cash float and cash on hand	508	527
Cash at bank - operating account	56,062	61,760
Cash at bank - cash management account	144,092	111,654
Cash at bank - term deposit	485,000	504,089
Cash at bank - provision account	33,100	52,138
Cash at bank and on hand - region accounts	122,428	98,939
Cash at bank - region investment accounts	216,220	233,471
	<u>1,057,410</u>	<u>1,062,578</u>

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4 TRADE AND OTHER RECEIVABLES	2016	2015
	\$	\$
CURRENT		
Trade receivables - members	27,739	9,855
Sundry debtors	12,369	190
Sundry debtors - regions	7,866	4,355
GST input tax credits	12,582	15,573
	<u>60,556</u>	<u>29,973</u>
5 OTHER ASSETS		
Current		
Prepayments - show & sale/events	19,402	27,195
Prepayments - other	9,766	12,856
	<u>29,168</u>	<u>40,051</u>
6 INVENTORY		
Stock on hand - national office, Mitcham	19,817	19,164
Stock on hand - regions	2,939	2,939
	<u>22,756</u>	<u>22,103</u>
7 FINANCIAL ASSETS		
NON-CURRENT		
At cost		
Investment in unlisted corporation Australian Alpaca Fleece Limited	70,000	70,000
	<u>70,000</u>	<u>70,000</u>

The investment in Australian Alpaca Fleece Limited consists of 150,000 preference shares, 375,002 ordinary shares and has been recorded at cost, being the consideration paid for the 150,000 preference shares. The ordinary shares were acquired at nil consideration. The decision to record the investment at cost represents a departure from AASB 139 *Financial Instruments: Recognition and Measurement* which states that an available-for-sale investment should be recorded at fair value.

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	2016	2015
	\$	\$
8 PROPERTY, PLANT AND EQUIPMENT		
Freehold land at independent valuation date 01/06/2016	385,000	371,000
Building, including property improvements Unit 2, 613 Whitehorse Road, Mitcham at independent valuation dated 1/06/2016	340,000	294,000
Less: Accumulated depreciation on building and property improvements	-	(14,700)
	<u>725,000</u>	<u>650,300</u>
Office furniture, fittings and other equipment - at cost	244,745	263,184
Less: accumulated depreciation	(219,197)	(226,283)
	<u>25,548</u>	<u>36,901</u>
Plant & equipment - regions - at cost	226,685	231,874
Less: Accumulated Depreciation	(210,856)	(200,346)
	<u>15,829</u>	<u>31,528</u>
Total property, plant and equipment	<u>766,377</u>	<u>718,729</u>
9 TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	6,498	10,169
Sundry creditors - members	6,145	4,420
Sundry creditors - regions	-	1,594
Accrued expenses	15,961	22,402
GST collected	35,508	32,032
	<u>64,112</u>	<u>70,617</u>
10 INCOME IN ADVANCE		
Advance revenue - members subscriptions	180,245	190,251
Advance revenue - other	98,653	9,927
	<u>278,898</u>	<u>200,178</u>
11 OTHER CURRENT PROVISIONS		
Provision for annual leave	7,491	10,440
Provision for legal fees	-	5,000
Provision for body corporate expenditure	-	5,000
Provision for long service leave	24,745	20,131
	<u>32,236</u>	<u>40,571</u>

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	2016	2015
12 EMPLOYEE BENEFITS		
The aggregate employee benefits liability recognised and included in the financial statement is as follows:		
Provision for employee benefits		
Current (Note 11)	32,236	30,571
	<u>32,236</u>	<u>30,571</u>
Number of employees at year end	3	4
13 CONTINGENT LIABILITIES		
No material contingent liabilities exist at the date of this report (2015: Nil)		
14 OPERATING LEASE COMMITMENTS		
(a) Rent of Photocopier		
Total minimum future lease payments payable:		
-not later than 1 year	1,155	2,310
-later than 1 year but not later than 5 years	-	-
	<u>1,155</u>	<u>2,310</u>
(b) Rent of Postage Meter		
Total minimum future lease payments payable:		
-not later than 1 year	3,747	3,747
-later than 1 year but not later than 5 years	936	4,683
	<u>4,683</u>	<u>8,430</u>
15 MEMBERS' GUARANTEE		
The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, page 5 of the Constitution states that each member is required to contribute a maximum of \$10 each towards outstanding obligations of the company while they are a member or within one year of their membership ceasing. At 30 June 2016 the number of members are 1,931 (30 June 2015: 1,919).		

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	2016 \$	2015 \$
16 EVENTS SUBSEQUENT TO REPORTING DATE		
There have been no events subsequent to reporting date to the date of this report which materially affect the information disclosed.		
17 CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Petty cash float/cash in transit	508	527
Cash at bank - operating account	56,062	61,760
Cash at bank - cash management account	144,092	111,654
Cash at bank - term deposit accounts	485,000	504,089
Cash at bank - provision account	33,100	52,138
Cash at bank and on hand - region accounts	122,428	98,939
Cash at bank - region investment accounts	216,220	233,471
	<u>1,057,410</u>	<u>1,062,578</u>
(b) Reconciliation of Cash Flow from Operation with Deficit after Income Tax		
Deficit after Income Tax	(83,097)	(176,879)
Non-cash flow items in Deficit		
Depreciation	36,497	44,643
Provision - legal fees and other expenditures	(10,000)	(10,000)
Provisions & employee benefits	1,665	(3,536)
Movements in Amortisation of intangible assets	-	17,193
Changes in assets and liabilities		
Decrease/(increase) in trade & other receivables	(30,583)	2,711
Decrease/(increase) in prepayments	10,883	(11,679)
Decrease/(increase) in inventories	(653)	12,488
(Decrease)/increase in trade & sundry creditors	(6,505)	6,529
(Decrease)/increase in advance revenue	78,720	135,167
Cash flows (used in) / provided by operating activities	<u>(3,073)</u>	<u>16,637</u>
(c) Credit Standby Arrangements with Banks		
Credit facility - overdraft	-	-
Credit card facility (MasterCard)	5,000	5,000
Amount utilised as at 30 June	-	1,202
Unused credit facility	<u>5,000</u>	<u>3,798</u>
18 ENTITY DETAILS		
The registered office of the company and the principal place of business is:		
Australian Alpaca Association Limited		
Unit 2, 613 Whitehorse Road		
Mitcham Vic 3132		

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DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The board of directors has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors declare that:

1. The financial statements set out on pages 12 to 28 present fairly the company's financial position as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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 directors and is signed for and on behalf of the directors by:

President


.....
Mrs Michelle Malt

Treasurer


.....
Mrs Christine Cronshaw

Dated this 7th day of SEPTEMBER 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Australian Alpaca Association Limited

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Basis for Qualified Opinion

Disclosed in Note 2 to the financial statements is income and expenditure pertaining to the regional branches of Australian Alpaca Association Limited. This is also shown in the income statement as net regional expenditure. We were unable to obtain sufficient appropriate audit evidence regarding these balances. Consequently we were unable to determine whether any adjustments to these balances were deemed necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Australian Alpaca Association Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(s) and Note 7 to the financial report in which the Board of Directors have stated that the investment in the ordinary shares and preference shares of Australian Alpaca Fleece Limited have been recorded at cost. This represents a departure from AASB 139 *Financial Instruments: Recognition and Measurement* which states that an available-for-sale investment should be recorded at fair value.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Crowe Horwath Vic

CROWE HORWATH VIC



GORDON ROBERTSON

Partner

Pakenham

Date: 9 September 2016