

**AUSTRALIAN ALPACA ASSOCIATION
TREASURER'S REPORT
ANNUAL GENERAL MEETING
16 September 2017**

Dear members it is my pleasure to present to you the AAA's financial report for the year ended 30th June 2017. This report has been prepared in accordance with Australian Accounting Standards and has been audited by Crowe Horwath. The financial report is available to download from the members' section of the AAA website. Alternatively you can contact either Janette Law janette@alpaca.asn.au or Liz Cecil liz@alpaca.asn.au to obtain copies.

Pleasingly I can report that the company's Statement of Profit or Loss shows a surplus for the 1st time since 2012/13. The surplus for the year was \$22,378 as compared to losses of \$83,097 for the financial year ended 30th June 2016 and \$176,879 for the financial year ended 30th June 2015.

Following a number of years of losses the surplus is a very pleasing result and is despite a decrease in revenue of \$143,996 when compared to the previous financial year with registration and transfer income decreasing by \$68,941 and membership income by \$26,022. The 2015/16 revenue also included a \$52,109 rebate received from ABRI which was not received in 2016/17. These revenue losses were partly offset by the new judges' levies which raised \$10,693 and education grants received of \$11,565.

Despite the ongoing decline in revenue the board have been very prudent in managing the company's finances and were able to reduce the overall expenditure by \$249,471 compared to 2015/16. The main savings in expenditure were as follows

	\$
National Show & Event Expenses	99,036
Industry Promotion & Marketing Expenses	110,206
Magazine & Newsletter Expenses	26,088
Employee Remuneration	35,426
Travel, Accommodation & Meeting Expenses	13,681

Overall our balance sheet remains healthy with \$1,653,399 of net assets, \$871,611 of cash reserves, a commercial property valued at \$725,000 and with no borrowings. Whilst it is noted that our cash reserves decreased by \$185,799 from 30th June 2016 this decrease is mainly attributable to the timing of the 2017/18 membership renewals which were not forwarded out until the last week in June, hence the decrease in memberships in advance of \$169,465.

As disclosed in the financial report I confirm that the board after much deliberation and discussions resolved to dispose of its investment in AAFL for its \$70,000 carrying value. Pleasingly the directors of AAFL wrote to the board on 28 July, 2017 agreeing to accept this offer in principle.

In making the decision to dispose the AAFL investment your board advises that no dividends have ever been received on the AAA's shareholdings nor are any likely in the foreseeable future due to significant accumulated losses in the AAFL accounts. Furthermore it appears that AAFL's reliance on fibre produced by AAA members has been declining steadily.

Accordingly your board is of the opinion that our members' funds could be better utilised elsewhere and hence the decision to offer the shares for sale was made.

I would just like to take this opportunity to thank the former treasurer Mrs Christine Cronshaw for her efforts over the last 3 years. Having worked with Christine on the AAA's Audit, Risk & Finance Committee I am aware of her frustrations with falling revenues and her corresponding efforts in reducing expenditure over the last few years.

I would also like to thank the other members of the Audit, Risk & Finance Committee for their contributions over the last 12 months, namely Mr Nick De Bruyn, Mr Chris Whitfield and Mr Tony Seymour. Finally a big thankyou to our office staff and in particular our Finance Manager Janette Law for their efforts and assistance over the ast 12 months.

I now propose that the members accept the audited financial report.

Steven C O'Keefe
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AAA Director & Treasurer