

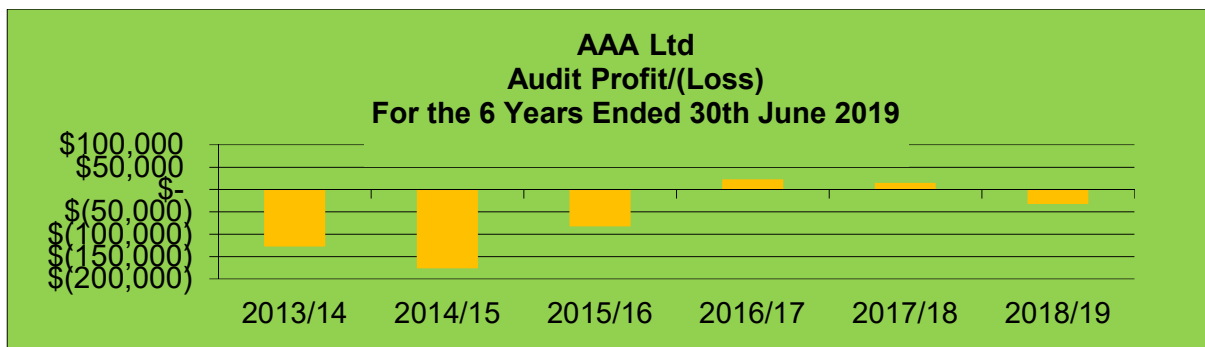
TREASURER'S REPORT AAA ANNUAL GENERAL MEETING 21 SEPTEMBER 2019

Dear members it is my pleasure to present to you the AAA's financial report for the year ended 30th June 2019. This report has been prepared in accordance with Australian Accounting Standards and audited by Crowe Horwath. The financial report is available to download from the members section of the AAA website. Alternatively you can obtain a copy by emailing our CEO, Amanda Olthof i.e. amanda@alpaca.asn.au

Whilst the company's net assets have increased by \$92,077 the 2018/19 financial year has seen the company record a loss for the year of \$32,645. As disclosed in the financial statements this result excludes \$124,722 of capital growth on the company's Mitcham property with Peter Lawrence of Lawrence Commercial valuers having revalued this property from \$725,00 to \$885,000 on 30 June 2019. \$53,000 of this gain has been recognised in the company's profit and loss statement in accordance with the relevant accounting standard.

The 2018/19 loss also excludes a \$30,091 export market development grant that has been applied for post 30 June relating to the company's 2018/19 Chinese market development expenditure. This grant is in addition to the \$18,155 grant received in respect of the 2017/18 year expenditure.

Pleasingly the company's results for the 3 years ended 30 June 2019 remains a surplus of \$4,602. This compares to a loss of \$388,190 for the previous 3 financial years.



The 2018/19 result is after significant investment into the continuing commercialisation of the Australian alpaca industry with \$68,312 expended during the year on market access and trade including expenditure on a 12 month contract with a Chinese Market Development consultant, expenditure incurred on a Chinese delegation visit to a number of Victorian alpaca farms and to the 2018 National Spectacular Show and on a 10 day trade mission to China. This trade mission included a stand at a CWTA trade fair in Puyuang, meetings with Chinese textile mills, the China Animal Agriculture Association, Austrade Chinese representatives in Beijing and local Chinese Alpaca Farmers. The board continues to explore future income streams associated with its export market development activities including fleece levies and livestock export levies.

Whilst the 2018/19 financial year saw a significant decline in membership revenue i.e. \$27,688 or 10.8 per cent it is noted that the overall memberships fell by only 4 from 1,210 to 1,206. The decrease in membership revenue is associated with a decline in full and joint members which has been offset by an increase in associate and youth members with the

board recognising the importance of small breeders having reduced the cost of these memberships from \$115 p.a in 2017/18 to \$50 p.a in 2018/19.

For showing members the board has continued to invest in Showing and Judging with an additional \$8,068 or 23.3% spend compared to 2017/18. Investment in judge training continues with a need for a number of new judges identified as a priority.

In addition to reducing the cost of membership fees for the youth the board established a Youth Development Fund to assist with funding youth events and activities as well as training for youth judges. Regional capitation fees were paid to the various youth groups for the first time to encourage further membership growth in this area.

Very pleasingly the consolidated regions' result for the 2018/19 financial year was a surplus of \$5,822 compared to a loss of \$47,735 in 2017/18. 5 out of the 8 regions reported surpluses. Cash Reserves for the regions increased by \$29,475 during the 2018/19 financial year. This turnaround is largely attributable to increased regional showing and event income as well as savings from merged regions and regional GST registrations. The board continues to explore options for cost savings for the regions for the benefit of all members.

In regards to the new office we have been fortunate to be able to derive rental income from our Mitcham office greater than the rent payable for the Canberra office. This office provides the added benefit of being able to communicate with federal government departments and secretarial staff all within close proximity of the office. It also provided significant savings for our 2019 President's Council meeting with all meetings held in in-house facilities rather than outsourced conference facilities and rooms as was needed in Mitcham.

As at 30th June 2019 the company's Statement of Financial Position shows that we have net assets of \$1,760,345 i.e \$92,077 greater than at the same period last year with current assets of \$992,185 and current liabilities of \$272,836. As already mentioned the Statement of Financial Position shows the revaluation of the Mitcham property to \$885,000. As noted in the Statement of Cash Flows the company acquired \$72,625 of additional plant and equipment which includes 200 new national pens acquired for the 2018 National Show as well as regional equipment, office equipment and \$21,531 of eAlpaca software development costs incorporating additional improvements for members.

Finally I would like to take this opportunity to personally thank all of the office staff but in particular our CEO Amanda for all their fabulous and hard work during this year of much structural change. Amanda has spent many hours not only answering member queries but attending to meetings with government departments, liaising with our consultants in regards to market development, digital media management, member communications, working on the development of the company's strategic plan, company secretarial duties and attending many board and committee meetings and teleconferences much of this time after hours or on weekends. These efforts at times has been far and beyond the call of duty and I believe should be acknowledged by us all.

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

Steve O'Keefe
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AAA Director & Treasurer