

# **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 2018

**Australian Alpaca Association Limited**

**ABN 30 067 146 481**

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FINANCIAL YEAR ENDED 30 JUNE 2018**

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**Australian Alpaca Association Limited**  
**ABN 30 067 146 481**

**SPECIAL PURPOSE FINANCIAL REPORT FOR THE  
FINANCIAL YEAR ENDED 30 JUNE 2018**

Your Directors present their report on the Company for the financial year ended 30 June 2018.

**Directors**

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

Mr Ian Frith, AAA President

Mrs Fiona Vanderbeek, Vice President

Mr Nick De Bruyn, Company Secretary (1 July to 16 September 2017) (Retired 16 September 2017)

Dr Susan Harris, Company Secretary (16 September 2017 to 2 July 2018).

Mr Steven O'Keefe, Treasurer

Mrs Sharon Dawson

Mr Andrew Hulme

Mr Christopher Williams

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**

Ms Amanda Olthof was appointed Company Secretary on 2 July 2018. Mr Nick De Bruyn was company secretary for the period 25 February 2015 to 16 September 2017. Dr Susan Harris was Company Secretary for the period 16 September 2017 to 2 July 2018.

**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.

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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.

**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 by \$5,988 or 2.3 per cent, whilst revenue from the registration and transfer of animals has increased by \$30,902 or 9.9 per cent. Membership numbers declined by 72 or 5.6 per cent.

**Operating Results**

The operating results show a surplus of \$14,869 for the financial year ending 30 June 2018, (2017 — surplus of \$22,378).

**Review of Operations**

A review of operations of the entity during the financial year indicates that total national revenue increased by \$45,802 from 2017 and that total national expenditure increased by \$37,446 from 2017. The net deficit from regional operations for the year was \$15,865 greater than in 2017.

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.

The overall surplus of \$14,869 has occurred as a result of the National operations surplus of \$62,606 and a combined Region's and Youth operations deficit of \$47,737.

The focus for the 2018/2019 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.

**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.

**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.

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**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.

**Information on Directors**

Mr Ian Frith (President)

**Qualifications:** Fellow Australian Institute of Management, Diploma Financial Services (Gen Ins), Senior Associate Member of Australia & New Zealand Institute of Insurance & Finance

**Experience :** 35 years experience in the insurance & marketing sector, 25 running own businesses with 250 staff in 6 countries. Established his stud Millpaca in approximately 2007 and today has over 5000 alpacas spread over 3 farms. A pioneer of the alpaca meat industry in Australia Ian owns and manages Illawarra Prime Alpaca and continues to train chefs both internationally and locally to develop recipes for Alpaca meat.

**Portfolio responsibility:** International Relations, Regional Handover, Marketing & Promotions and Public Relations.

**Regional responsibility:** Overseas.

Mrs Fiona Vanderbeek (Vice President)

**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:** Biosecurity and Animal Welfare, Research Development Extension & Sustainability

**Regional responsibility:** nil

Dr Susan Harris (Company Secretary)

**Qualifications:** Bachelor of Arts, Bachelor of Law (Hons) Ph.D

**Experience:** A practising lawyer for over thirty years, and a Partner at Madgwicks Lawyers (Melbourne) where she focuses on property related matters. Sue has also been a part-time lecturer

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and tutor at Melbourne University and an instructor at Leo Cussen Centre for Law. Sue has been Secretary of the Traralgon Arts Council and Deputy Chair, and later Secretary, of the Victorian Arts Council. Sue is a partner in Onyx Alpacas, a black huacaya and suri stud in south-western Victoria. She is an active member of the Victorian Western Region and has acted as a steward at regional shows and the Royal Melbourne Show.

**Portfolio responsibility:** Membership Services

**Regional responsibility:** Victoria Eastern, South Australia

Mr Steven O'Keefe (Treasurer)

**Qualifications:** Bachelor of Commerce (Accy) University of Wollongong, Member Institute of Chartered Accountants Australia & New Zealand, Chartered Tax Adviser & Member of Taxation Institute of Australia, Registered Company Auditor, Registered SMSF Auditor, Registered Tax Agent.

**Experience:** Over 30 years accountancy/auditing public practice experience, 23 as a partner/principal in own firms. A registered alpaca breeder since 2013 and a former Vice- President and Treasurer of the Southern NSW Region (2014-2015). Member of the AAA Audit & Risk Committee since 2015 & Chairman since 2016.

**Portfolio Responsibilities:** Audit Risk and Finance Chairman, Financial Management

**Regional Responsibilities:** Victoria Central

Mrs Sharon Dawson

**Qualifications:** Bookkeeper MYOB & Personal Assistant 17 years

**Experience:** Co-ordinator of functions, Convenor of numerous alpaca shows, Alpaca Breeder for 9 years, a successful small breeder achieving broad ribbons in Regional & National Shows, first 10 years employment in the animal industry husbandry/vet nursing. Marketing Manager for Illawarra Prime Alpaca; introducing alpaca into the Tafe system with Masterclasses across Australia. Wires wombat, Macropod, possum & Glider carer. Served on Regional Alpaca Committee for 7 years in various roles.

**Portfolio responsibility:** Showing & Judging

**Regional responsibility:** Queensland, South Queensland & Northern NSW.

Mr Andrew Hulme

**Qualifications:** Bachelor of Engineering (Mining) UNSW, First Class Mine Managers Certificate of Competence WA No. 1189, mutually recognised in Queensland and New South Wales. Member of the Australian Institute of Mining and Metallurgy

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**Experience:** Over 10 years in the Mining industry in various technical and management roles. Currently Group Contracts Manager for PYBAR Mining Services. 1 year previously (2012) as Company Secretary for the Orange Regional Conservatorium Board. Director for Adagio Mills: Textile manufacturing facility specialising in alpaca for 3 years and partner in Adagio Alpacas for 5 years.

**Portfolio responsibility:**, Youth, Training & Education

**Regional responsibility:** NSW

Mr Christopher Williams

**Qualifications:** Qualified Alpaca Judge

**Experience:** An alpaca breeder since 1992 with his stud Ambersun Alpacas today owing approximately 1,500 alpacas and having produced a number of National Supreme champions. Chris is a past member of the Australian Alpaca Association Inc committee (1995-1997) and a former President of the South Australian Region (1995). Chris formed a partnership with knitwear manufacturer Frank Spinelli in 1993 and established the Alpaca Classica clothing label. This label was selected to represent Australia on the catwalk at the International Alpaca Festival in Peru in 1997 and 2000. Opened and established The Alpaca Shop in Handorf, SA in 1994 and a Member of the Australian Wool Development Board (2001— 2004). Chris today is involved in the alpaca meat industry and owns and manages Fleurieu Prime Alpaca. A qualified judge since 2011 Chris has also been a guest speaker at national conferences in both Australia and New Zealand. He is an experienced alpaca shearer and shears approximately 4,000 animals per year in Australia and Europe.

**Portfolio responsibility:** Market Access, Trade & Commercialisation

**Regional responsibility:** Western Australia

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**Meetings of Directors**

During the financial year, twelve (12) meetings of the directors were held.

Attendance by each director was as follows:

	<b>Directors Meetings</b>	
	No Eligible to Attend	No Attended
Mr Ian Frith	12	12
Mrs Fiona Vanderbeek	12	12
Dr Susan Harris	12	11
Mr Steven O'Keefe	12	11
Mr Nick De Bruyn (resigned 16 September 2017)	1	1
Mrs Sharon Dawson	12	10
Mr Andrew Hulme	12	11
Mr Chris Williams	12	11

**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 \$20 each towards any outstanding obligations of the Company, while they are a member or within one year of their membership ceasing. At 30 June 2018, the total amount that members of the company are liable to contribute if the Company is wound up is \$24,280 (2017 \$12,860).



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**Auditors Independence Declaration**

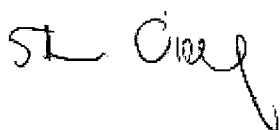
The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 10 of the Financial Report.

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

A handwritten signature in black ink, appearing to be 'I. Frith', with a horizontal line underneath.

President

Mr Ian Frith

A handwritten signature in black ink, appearing to be 'S. O'Keefe', with a horizontal line underneath.

Treasurer

Mr Steven O'Keefe

Dated this 16<sup>th</sup> day of September 2018



**Crowe Horwath Vic**

ABN 27 621 602 883

Member Crowe Horwath International

Audit and Assurance Services

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Pakenham VIC 3810  
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## **Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Australian Alpaca Association Limited**

In relation to our audit of the financial report of Australian Alpaca Association Limited for the financial year ended 30 June 2018, 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**

*G. Robertson*

**GORDON ROBERTSON**

**Partner**

**Date:** 16 September 2018

**AUSTRALIAN ALPACA ASSOCIATION LIMITED**  
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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

**STATEMENT OF PROFIT OR LOSS**

	NOTE	2018 \$	2017 \$
<b>REVENUE</b>			
Members subscriptions and fees		256,702	262,690
Members animal registration & animal health income		334,993	304,811
Events and Sponsorship		187,413	134,642
Events – Youth Groups		4,368	7,414
Sales of publications and advertising		5,648	20,679
Sales of merchandise		20,383	14,018
Interest received		16,784	16,417
Rent received		3,423	20,540
Showing and judging income		12,262	10,693
Education grants		5,452	11,565
Sundry Income		5,403	3,560
<b>TOTAL REVENUE</b>		<u>852,831</u>	<u>807,029</u>
<b>EXPENDITURE</b>			
Audit Fees - audit/review the financial report		8,500	9,500
Bank Charges		4,453	4,634
Computer and website expenses		25,195	46,627
Depreciation of property plant and equipment		32,576	22,558
Event expenses		164,062	109,782
Events – Youth Group		4,730	1,759
Industry promotion and marketing expenses		47,547	25,720
Insurances		17,479	17,479
Magazine and newsletter expenses		6,253	43,681
Merchandise		3,247	8,208
Occupancy & property expenses		36,998	15,175
Office Relocation Expenses		6,334	-
Printing, stationery and postage		12,305	22,001
Professional fees – accounting/legal		9,621	17,100
Net regional expenditure	2	47,375	31,510
Registration & membership expenses		46,257	79,024
Rental expenses on operating leases		2,247	1,988
Research and development costs		3,000	40,000
Salary, wages, and superannuation contributions		202,069	184,324
Staff recruitment expenses		31,109	-
Showing and judging expenses		34,614	38,090
Telephone and fax		10,240	8,090
Training		15,508	12,509
Travel, accommodation and meeting expenses		53,889	43,654
Other expenses		12,354	1,238
<b>TOTAL EXPENDITURE</b>		<u>837,962</u>	<u>784,651</u>
<b>NET PROFIT (LOSS) BEFORE INCOME TAX</b>			
- NATIONAL OPERATIONS		62,606	48,233
- REGIONAL OPERATIONS		(47,375)	(31,510)
- YOUTH GROUPS		(362)	5,655
Income tax expense		-	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>14,869</u>	<u>22,378</u>
<b>NET SURPLUS/(DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE ENTITY</b>		<u>14,869</u>	<u>22,378</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 2018**

**STATEMENT OF COMPREHENSIVE INCOME**

	NOTE	2018	2017 \$
NET SURPLUS/(DEFICIT) FOR THE YEAR		14,869	22,378
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX		=	=
TOTAL COMPREHENSIVE (DEFICIT) FOR THE YEAR		14,869	22,378
TOTAL COMPREHENSIVE SURPLUS/ (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		14,869	22,378

**The accompanying notes form part of the financial statements**

**AUSTRALIAN ALPACA ASSOCIATION LIMITED**  
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**STATEMENT OF FINANCIAL POSITION**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,073,952	871,611
Trade and other receivables	4	37,577	46,090
Other assets	5	52,531	63,436
Inventory	6	24,554	19,780
<b>TOTAL CURRENT ASSETS</b>		<b>1,188,614</b>	<b>1,000,917</b>
NON-CURRENT ASSETS			
Financial assets	7	-	70,000
Property, plant and equipment	8	845,200	748,171
<b>TOTAL NON - CURRENT ASSETS</b>		<b>845,200</b>	<b>818,171</b>
<b>TOTAL ASSETS</b>		<b>2,033,814</b>	<b>1,819,088</b>
CURRENT LIABILITIES			
Trade and other payables	9	139,246	42,343
Income in advance	10	226,251	96,855
Short term provisions	11	49	26,491
<b>TOTAL CURRENT LIABILITIES</b>		<b>365,546</b>	<b>165,689</b>
<b>TOTAL LIABILITIES</b>		<b>365,546</b>	<b>165,689</b>
<b>NET ASSETS</b>		<b>1,668,268</b>	<b>1,653,399</b>
EQUITY			
Retained earnings		1,155,770	1,140,901
Revaluation asset reserve		292,498	292,498
General reserve		220,000	220,000
<b>TOTAL EQUITY</b>		<b>1,668,268</b>	<b>1,653,399</b>

The accompanying notes form part of the financial statements

**AUSTRALIAN ALPACA ASSOCIATION LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**

	Retained Earnings	Asset Revaluation Reserve	General Reserve	Total
	\$	\$	\$	\$
Balance at 30 June 2016	1,118,523	292,498	220,000	1,631,021
<b>Comprehensive Income/( Loss)</b>				
Surplus/(Deficit) attributable to the entity	22,378	-	-	22,378
<b>Total comprehensive Income/( loss)</b>	22,378	-	-	22,378
Balance at 30 June 2017	1,140,901	292,498	220,000	1,653,399
<b>Comprehensive Income/( Loss)</b>				
Deficit attributable to the entity	14,869	-	-	14,869
Revaluation /( Devaluation)	-	-	-	-
<b>Total comprehensive Income/( loss)</b>	14,869	-	-	14,869
Balance at 30 June 2018	1,155,770	292,498	220,000	1,668,268

The accompanying notes form part of the financial statements

**AUSTRALIAN ALPACA ASSOCIATION LIMITED**  
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**STATEMENT OF CASH FLOWS**

	NOTE	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and tenants and rebates		1,146,557	537,844
Receipts from sales of publications and advertising		17,988	45,407
Receipts from sales of merchandise		40,249	27,161
Interest received		16,908	16,458
Payments to suppliers and employees		(952,832)	(797,857)
		<hr/>	<hr/>
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	17	268,870	(170,987)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of Investment		70,000	-
		<hr/>	<hr/>
Payment for property, plant & equipment		(136,529)	(14,812)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(66,529)	(14,812)
		<hr/>	<hr/>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		202,341	(185,799)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		871,611	1,057,410
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,17	1,073,952	871,611
		<hr/>	<hr/>

**The accompanying notes form part of the financial statements**

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**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	14%
Computer equipment	25%
Furniture, fittings and other equipment	20%
Regional plant and equipment	20%

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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.

**AUSTRALIAN ALPACA ASSOCIATION LIMITED**  
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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 2017 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 2019 were forwarded to members in June 2018. Amounts paid by members before 30 June 2018 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 2018/2019 financial year and National Show & Sale Income received in advance.

**(l) Prepayments**

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 2018. Expenditure in relation to these events has been recorded in the Statement of Financial Position as a current asset.

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**(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.

**(s) 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.

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<b>2 REGIONAL INCOME &amp; EXPENDITURE</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
REVENUE		
Advertising/sponsorship	12,340	24,728
Auction income	8,075	6,679
Education and training	9,405	3,735
Interest received	124	41
Merchandise & asset sales	19,866	13,143
Newsletter income	1,308	2,832
Show/event income	151,950	216,858
Sundry & website	10,891	7,006
	<u>213,959</u>	<u>274,922</u>
EXPENDITURE		
Advertising/sponsorship/trophies	15,356	7,216
Auction expenses	-	2,328
Depreciation of assets	6,924	10,460
General administration expenses	9,636	14,343
Merchandise purchases	16,525	7,515
Newsletter expenses	590	6,760
Show/event expenses	179,911	235,759
Sundry & equipment expenses	21,010	18,849
Training/courses	11,382	3,202
	<u>261,334</u>	<u>306,432</u>
NET REGIONAL DEFICIENCY	<u>(47,375)</u>	<u>(31,510)</u>
<b>3 CASH AND CASH EQUIVALENTS</b>		
Petty cash float and cash on hand	320	400
Cash at bank - operating account	153,857	37,478
Cash at bank - cash management account	84,062	21,479
Cash at bank - term deposits	488,417	462,382
Cash at bank - provision account	4	731
Cash at bank – youth account	5,312	5,655
Cash at bank – national show account	-	2,421
Cash at bank and on hand - region accounts	163,111	160,698
Cash at bank - region investment accounts	178,869	178,869
Cash on hand/ undeposited funds regions	-	1,498
	<u>1,073,952</u>	<u>871,611</u>

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<b>4 TRADE AND OTHER RECEIVABLES</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade receivables – members	34,960	41,220
Interest Receivable	1,115	-
Sundry debtors – regions	1,502	4,870
	<u>37,577</u>	<u>46,090</u>
<b>5 OTHER ASSETS</b>		
<b>Current</b>		
Prepayments - show & sale/events	18,358	8,369
Prepayments – other	34,173	55,067
	<u>52,531</u>	<u>63,436</u>
<b>6 INVENTORY</b>		
Stock on hand - national office, Mitcham	22,108	16,841
Stock on hand – regions	2,446	2,939
	<u>24,554</u>	<u>19,780</u>
<b>7 FINANCIAL ASSETS</b>		
<b>NON-CURRENT</b>		
Investment in unlisted corporation Australian Alpaca Fleece Limited		70,000
	<u>-</u>	<u>70,000</u>
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land at independent valuation date 01/06/2016	385,000	385,000
Building, including property improvements Unit 2, 613 Whitehorse Road, Mitcham at independent valuation dated 1/06/2016	340,000	340,000
Less: Accumulated depreciation on building and property improvements	(17,000)	(8,500)
	<u>708,000</u>	<u>716,500</u>
Leasehold Improvements – at cost	31,534	-
Less: accumulated amortisation	(375)	-
	<u>31,159</u>	<u>-</u>
Office furniture, fittings and other equipment - at cost	351,670	248,250
Less: accumulated depreciation	(250,442)	(226,741)
	<u>101,228</u>	<u>21,509</u>
Plant & equipment - regions - at cost	233,053	231,478
Less: Accumulated Depreciation	(228,240)	(221,316)
	<u>4,813</u>	<u>10,162</u>
Total property, plant and equipment	<u>845,200</u>	<u>748,171</u>

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	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>9 TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade payables	89,182	16,918
Sundry creditors	9,907	4,679
Accrued expenses	31,646	17,544
GST Payable	8,511	3,202
	<u>139,246</u>	<u>42,343</u>
<b>10 INCOME IN ADVANCE</b>		
Advance revenue - members subscriptions	156,213	10,780
Advance revenue – other	70,038	86,075
	<u>226,251</u>	<u>96,855</u>
<b>11 OTHER CURRENT PROVISIONS</b>		
Provision for annual leave	49	5,028
Provision for long service leave	-	21,463
	<u>49</u>	<u>26,491</u>
<b>12 EMPLOYEE BENEFITS</b>		
The aggregate employee benefits liability recognised and included in the financial statement is as follows:		
Provision for employee benefits		
Current (Note 11)	49	26,491
	<u>49</u>	<u>26,491</u>
Number of employees at year end	2	3
<b>13 CONTINGENT LIABILITIES</b>		
No material contingent liabilities exist at the date of this report (2017: Nil)		



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**14 OPERATING LEASE COMMITMENTS**

(a) Rent of Photocopier

Total minimum future lease payments payable:

-not later than 1 year	1,769	1,769
-later than 1 year but not later than 5 years	589	2,358
	2,358	4,127

(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	9,366	13,113
	13,113	16,860

**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 \$20 (2017: \$10) each towards outstanding obligations of the company while they are a member or within one year of their membership ceasing. At 30 June 2018 the number of members was 1,214 (30 June 2017: 1,286).

**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:

	2018 \$	2017 \$
Petty cash float/cash in transit	320	400
Cash at bank - operating account	153,857	37,478
Cash at bank - cash management account	84,062	21,479
Cash at bank - term deposit accounts	488,417	462,382
Cash at bank - provision account	4	731
Cash at bank – youth group account	5,312	5,655
Cash at bank – national sale account	-	2,421
Cash at bank - region accounts	163,311	160,698
Cash at bank - region investment accounts	178,869	178,869
Cash on hand/undeposited funds regions	-	1,498
	1,073,952	871,611

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**(b) Reconciliation of Cash Flow from Operation with Deficit after Income Tax**

Surplus/(Deficit) after Income Tax	14,869	22,378
Non-cash flow items in Deficit		
Depreciation	39,500	33,018
Provisions & employee benefits	(26,442)	(5,745)
Changes in assets and liabilities		
Decrease/(increase) in trade & other receivables	25,516	(2,537)
Decrease/(increase) in prepayments	10,905	(34,268)
Decrease/(increase) in inventories	(4,774)	2,976
(Decrease)/increase in trade & sundry creditors	79,900	(4,766)
(Decrease)/increase in advance revenue	129,396	(182,043)
Cash flows (used in) / provided by operating activities	<u>268,870</u>	<u>(170,987)</u>

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Credit Standby Arrangements with Banks</b>		
Credit card facility (MasterCard)	5,000	5,000
Amount utilised as at 30 June	<u>(1,221)</u>	<u>(1,194)</u>
Unused credit facility	<u>3,779</u>	<u>3,806</u>

**18 ENTITY DETAILS**

The registered office of the company and the principal place of business is:

Australian Alpaca Association Limited  
Level 1 95 Northbourne Avenue  
Turner ACT 2612

**AUSTRALIAN ALPACA ASSOCIATION LIMITED**  
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**DIRECTORS' DECLARATION**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

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:

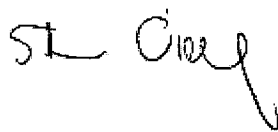
1. The financial statements set out on pages 11 to 26 present fairly the company's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there 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

Mr Ian Frith



Treasurer

Mr Steven O'Keefe

Dated this      16<sup>th</sup>      day of   September      2018

## **Independent Auditor's Report to the Members of Australian Alpaca Association Limited**

### **Opinion**

We have audited the financial report of Australian Alpaca Association Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Company 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 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

### **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.

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.



## **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 30 June 2018, but does not include the financial report and our 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 Requirements 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 have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

## **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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

- Conclude on the appropriateness of the those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Crowe Horwath Vic*

**CROWE HORWATH VIC**

*G. Robertson*

**GORDON ROBERTSON**

**Partner**

Dated at Pakenham this 17<sup>th</sup> day of September 2018