

**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 2020**

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**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Your Directors present their report on the Company for the financial year ended 30 June 2020.

Directors

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

Mr. Andrew Munn, AAA President (appointed 21 September 2019)

Prue Walduck, Vice President (appointed 21 September 2019)

Carolyn Austin, Treasurer (appointed 24 February 2020)

Mr. Trevor Parry

Ms. Sarah Wheeler (appointed 26 September 2019)

Mr. Michael Williams (appointed 15 May 2020)

Mr. Brett Fallon (appointed 15 May 2020)

Dr Cathi McMullen (appointed 15 May 2020)

MS Rochelle Veitch (appointed 21 September 2019, resigned 6 May 2020)

Ms. Michelle Simberg (appointed 16 October 2019, resigned 20 February 2020)

Mr. Ian Preuss (appointed 22 September 2018, resigned 22 November 2019)

Mr. Ian Frith, AAA President (resigned 21 September 2019)

Dr Susan Harris, Vice President (resigned 21 September 2019)

Mr. Steven O'Keefe, Treasurer (resigned 21 September 2019)

Mrs. Sharon Dawson (resigned 21 September 2019)

Mr. Andrew Hulme (resigned 21 September 2019)

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

Note that Mr. Andrew Munn resigned as President effective 7 August 2020 and Ms. Prue Walduck has acted as Interim President in line with the AAA Constitution.

Company Secretary

Ms. Amanda Olthof was appointed Company Secretary on 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.

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Strategy for Achieving Short and Long Term Objectives

The Company's strategy has been to promote and advance the purity of the alpaca breed, utilising 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.

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. 2019-2020 Financially has been the most challenging year in the AAA history. During the past twelve months, income from memberships and membership renewals has declined by \$27,786 or 12.1 per cent. This decline is largely attributable to a decline in full and joint membership numbers. Revenue from the registration and transfer of animals has also declined by \$57,551 or 21%.

Operating Results

The operating results show a net deficit of \$148,440 for the financial year ending 30 June 2020, (2019: a net deficit of \$32,645).

Review of Operations

A review of operations of the entity during the financial year shows that the overall deficit has occurred as a result of a National operations deficit of \$86,989 and a combined Region's and Youth operations deficit of \$61,451.

The National Operations deficit is largely attributable to a decline in membership revenue and animal registration and transfer income associated with COVID related cancellation of alpaca shows, the impacts of bushfires and harsh ongoing drought conditions across Australia, as well as a significant loss on the 2019 National Alpaca Show.

Significant Changes in the State of Affairs

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

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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.

Information on Directors

Mr. Andrew Munn (President)

Qualifications: Advance Diploma of Communications Management; Certificate IV in Frontline Management; Certificate IV in Wool Classing; Certificate in Vocational Instruction

Experience: Partner of Alpha Centauri Alpacas since 2002; Director of Scotch Group

Portfolio responsibility: International Relations

Regional responsibility: All regional presidents

Ms. Prue Walduck (Vice President)

Qualifications: B. Bus (Human Resource Management)

Experience: Full time alpaca farmer since 2008. 30 years in senior positions in the Retail, Finance and Community Development sectors including Group Human Resources Manager and a member of the Executive Management Team of a bank.

Portfolio responsibility: Market Access and Trade

Regional responsibility: SQNNSW, Tas

Ms. Carolyn Austin (Treasurer)

Qualifications: Diploma in Contract Management

Experience: 25 years finance officer, management accountant, contracts officer at Australian National University

Portfolio Responsibilities: Audit Risk and Finance Chairman, Financial Management

Regional Responsibilities: All regional treasurers

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Mr. Trevor Parry

Qualifications: Bachelor of Arts, Monash; Master of Business Administration, University of Western Australia

Experience: 20 years in the oil industry in various development and managerial posts and 30 years in the construction industry.

Portfolio responsibility: Showing and Judging, Alpaca Youth Education, eAlpaca

Regional responsibility: Western Australia

Ms. Sarah Wheeler

Qualifications: Registered Nurse B.Sc. (Hons) Gerontology, Manchester; Diploma of Higher Education Professional Practice (Nursing) Canterbury Christ Church.

Professional Experience: 32yrs of general and specialized nursing practice. Nurse mentor and educator.

Portfolio responsibility: Animal Health and Welfare, Biosecurity

Regional responsibility: QLD

Mr. Michael Williams

Qualifications: Graduate Certificate Commerce and Agribusiness – Charles Sturt University, master's degree in Taekwondo – University of Wollongong and Kukkiwon Korea; Diploma of Management Toyota Training Institute, Certificate IV in Frontline Management; Certificate IV in Wool Classing

Professional Experience: 28 years in the Motor Trade including 18 years in Automotive Executive Management, 4 years as a Board Member of the Motor Traders Association – Governing Council, Board of Illawarra Multicultural Society for one 2 year term

Partner in Storybook and Coolawarra Alpacas, Partner Just for Kicks Taekwondo, Director Storybook Holdings and Director Waratah Alpaca Fiber Co-op

Portfolio responsibility: Special Projects

Regional responsibility: SA

Mr. Brett Fallon

Qualifications: Bachelor of Agribusiness - Marketing

Professional Experience: Agribusiness Finance

Portfolio responsibility: member services and internal marketing

Regional responsibility: NSW

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Dr Catherine McMullen

Qualifications: Doctor of Education UTS, Bachelor of Commerce (Marketing) UNSW

Professional Experience: Principal of Patagonia Alpacas since 1996. Range of marketing positions with focus on product and brand management. 30 years as teaching and research academic in Marketing at UNSW and Charles Sturt University.

Portfolio responsibility: Training and Education

Regional responsibility: VER

Ms. Rochelle Veitch (resigned 6 May 2020)

Qualifications: BSC (Hons) zoology

Professional Experience: Owner, Nocturne Alpacas

Portfolio responsibility: SJC, AYE

Regional responsibility: NSW

**Ms. Michelle Simberg (resigned 20
February 2020)**

Qualifications: Bachelor of Business and Commerce, Bachelor of Behavioural Science

Professional Experience: 30 years in the finance, government, community development, retail, and not-for-profit sectors.

Portfolio responsibility: Treasurer

Regional responsibility: SA

Mr. Ian Preuss (resigned 22 November 2019)

Qualifications: Diploma of Applied Science (Agriculture); Diploma of Teaching.

Experience: Secondary school teacher - Science and Agriculture. 30 years' operating own businesses. Fulltime Alpaca farming since 2000. Director of national franchise chain for 10 years. Director of International Alpaca Exports. Director of Scotch Group Pty Ltd.

Portfolio responsibility: Membership, including Member Services, Commercialisation

Regional responsibility: South Australia

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Mr. Ian Frith (President) (resigned 21 September 2019)

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

Experience: 35 years in the insurance and marketing sector, 25 running own international businesses. Alpaca farming since 2007 over 3 farms. A pioneer of the alpaca meat industry in Australia.

Portfolio responsibility: International Relations, Marketing and Promotion

Regional responsibility: Overseas, Tasmania, Victorian Western

Dr Susan Harris (Vice President) (resigned 21 September 2019)

Qualifications: Bachelor of Arts, Bachelor of Law (Hons) PhD.

Experience: A practicing lawyer for over 30 years, and a Partner at Madgwicks Lawyers (Melbourne). Part-time lecturer and tutor at Melbourne University and an instructor at Leo Cussen Centre for Law. Secretary of the Traralgon Arts Council and Deputy Chair, and later Secretary, of the Victorian Arts Council. Partner in Onyx Alpacas.

Portfolio responsibility: Membership and Registrations

Regional responsibility: Victoria Eastern

Mr. Steven O'Keefe (Treasurer) (resigned 21 September 2019)

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

Experience: Over 30 years accountancy/auditing public practice experience, 24 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). Director of Waratah Alpaca Fiber Co-operative Ltd. Member of the AAA Audit and Risk Committee.

Portfolio Responsibilities: Audit Risk and Finance Chairman, Financial Management

Regional Responsibilities: Victoria Central

Mrs. Sharon Dawson (resigned 21 September 2019)

Experience: Function and Events Coordinator coordinator. Alpaca breeder for 11 years. He first 10 years of employment in the animal industry husbandry/vet nursing. Introduced alpaca into the TAFE system with an Alpaca Masterclasses across Australia. Wires wombat, macropod, possum, and glider carer.

Portfolio responsibility: Showing and Judging

Regional responsibility: Queensland, South Queensland & Northern NSW

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Mr. Andrew Hulme (resigned 21 September 2019)

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.

Experience: 10 years in the Mining industry in various technical and management roles. Currently Group Contracts Manager for PYBAR Mining Services. 1 year 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.

Portfolio responsibility: Alpaca Youth Education, Market Access, Trade

Regional responsibility: NSW

Meetings of Directors

During the financial year, 22 meetings of the directors were held. Attendance by each director was as follows:

Directors Meetings		
	No. Eligible to Attend	No. Attended
Mr. Andrew Munn	16	15
Ms. Prue Walduck	17	17
Ms. Carolyn Austin	12	12
Mr. Trevor Parry	22	22
Ms. Sarah Wheeler	18	18
Mr. Michael Williams	2	2
Mr. Brett Fallon	2	2
Dr Cathi McMullen	2	2
Ms. Rochelle Veitch	11	11
Ms. Michelle Simberg	5	4
Mr. Ian Preuss	7	2
Mr. Ian Frith	4	4
Dr Susan Harris	4	4
Mr. Steven O'Keefe	4	4
Mrs. Sharon Dawson	4	3
Mr. Andrew Hulme	4	2

**DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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 2020, the total amount that members of the company are liable to contribute if the Company is wound up is \$25,980 (2019 \$24,200).

Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 9 of the Financial Report.

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



Prue Walduck
Interim President



Carolyn Austin
Treasurer

Dated this 30th day of September 2020

RSM Australia Partners

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www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Australian Alpaca Association Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS****GED STENHOUSE**
PartnerCanberra, Australian Capital Territory
Dated: 20 October 2020

AUSTRALIAN ALPACA ASSOCIATION LIMITED

ABN 30 067 146 481

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF COMPREHENSIVE INCOME			
	NOTE	2020	2019
		\$	\$
REVENUE			
Members subscriptions and fees		201,228	229,014
Members animal registration & animal health income		217,155	274,706
Events and Sponsorship		61,020	119,094
Youth Group income		8,307	11,654
Market Access Grants Received		30,091	18,155
Net Regional Income	2	100,092	276,494
Sales of publications and advertising		6,820	223
Sales of merchandise		25,274	31,781
Interest received		3,116	10,442
Rent received		47,402	36,795
Showing and judging income		4,800	17,273
Education and Training		0	727
Sundry Income		28,983	4,273
Rebates Job Keepers allowance		27,000	
ATO cashflow stimulus		50,000	-
Unrealised Change in investment Property Fair Value		-	53,000
TOTAL REVENUE		811,288	1,083,631
EXPENDITURE			
Audit Fees - audit/review the financial report		14,100	10,200
Bank Charges		5,501	4,765
Biosecurity & Animal Welfare Expenses		6,127	9,862
Computer and website expenses		19,902	19,294
Depreciation of property plant and equipment		73,129	49,702
Event expenses		130,235	127,017
Events - Youth Group		8,226	10,306
Industry promotion and marketing expenses		16,614	76,330
Insurances		27,416	24,238
Interest expense		10,857	1,450
Magazine and newsletter expenses		6,496	6,275
Merchandise		13,436	27,325
Occupancy & property expenses		690	35,728
Printing, stationery and postage		13,457	15,169
Professional fees - accounting/legal/member mediation		30,982	21,162
Regional expenditure	2	161,625	270,672
Registration & membership expenses		76,689	48,739
Salary, wages, and superannuation contributions		261,704	235,965
Staff recruitment expenses		5,086	534
Showing and judging expenses		38,863	42,682
Telephone and fax		4,112	4,233
Education & Training		4,872	10,993
Travel, accommodation and meeting expenses		22,751	52,132
Investment Expense		4,878	8,451
Other expenses		1,980	3,052
TOTAL EXPENDITURE		959,728	1,116,276
NET (DEFICIT)/ SURPLUS BEFORE INCOME TAX	13	(148,440)	(32,645)
Income tax expense		-	-
NET (DEFICIT)/SURPLUS FOR THE YEAR		(148,440)	(32,645)
NET (DEFICIT)/SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(148,440)	(32,645)

AUSTRALIAN ALPACA ASSOCIATION LIMITED

ABN 30 067 146 481

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The accompanying notes form part of the financial statements

STATEMENT OF OTHER COMPREHENSIVE INCOME

	NOTE	2020	2019
		\$	\$
NET (DEFICIT)/SURPLUS FOR THE YEAR		(148,440)	(32,645)
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX		-	-
TOTAL OTHER COMPREHENSIVE (DEFICIT)/INCOME FOR THE YEAR		<hr/> (148,440) <hr/>	<hr/> (32,645) <hr/>
TOTAL COMPREHENSIVE (DEFICIT)/INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<hr/> (148,440) <hr/>	<hr/> (32,645) <hr/>

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	681,709	860,100
Trade and other receivables	4	39,998	41,252
Other assets- Prepayments	5	42,331	63,209
Inventory	6	26,608	27,624
TOTAL CURRENT ASSETS		790,646	992,185
NON-CURRENT ASSETS			
Investments	7	885,000	885,000
Property, plant and equipment	8	135,715	155,996
Right of use asset	8	165,380	-
TOTAL NON - CURRENT ASSETS		1,186,095	1,040,996
TOTAL ASSETS		1,976,741	2,033,181
CURRENT LIABILITIES			
Trade and other payables	9	29,714	108,031
Lease Liability	8	30,836	-
Income in advance	10	140,573	141,673
Short term provisions	11	23,958	13,268
Borrowings	13	-	9,864
TOTAL CURRENT LIABILITIES		225,081	272,836
NON CURRENT LIABILITIES			
Lease Liability	8	147,882	-
TOTAL NON CURRENT LIABILITIES		147,882	-
TOTAL LIABILITIES		372,963	272,836
NET ASSETS		1,603,778	1,760,345
EQUITY			
Retained earnings		966,558	1,123,125
Revaluation asset reserve		417,220	417,220
General reserve		220,000	220,000
TOTAL EQUITY		1,603,778	1,760,345

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings	Asset Revaluation Reserve	General Reserve	Total
	\$	\$	\$	\$
Balance at 30 June 2018	1,155,770	292,498	220,000	1,668,268
Comprehensive Income				
Deficit attributable to the entity	(32,645)	-	-	(32,645)
Revaluation	-	124,722	-	124,722
Total comprehensive Income	(32,645)	124,722	-	92,077
Balance at 30 June 2019	1,123,125	417,220	220,000	1,760,345
Opening adjustment on implementation of AASB 16	(8,127)			(8,127)
Adjusted Opening balance as at 01 July 2019	1,114,998			1,114,998
Comprehensive Income/(Deficit)				
Deficit attributable to the entity	(148,440)	-	-	(148,440)
Revaluation	-	-	-	
Total comprehensive Income/ (Deficit)	(148,440)	-	-	(148,440)
Balance at 30 June 2020	966,558	417,220	220,000	1,603,778

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

STATEMENT OF CASH FLOWS

	NOTE	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and tenants and government grants		497,830	899,020
Receipts from sales of publications and advertising		7,502	223
Receipts from sales of merchandise		27,801	31,781
Interest received		3,116	11,354
Payments to suppliers and employees		(641,469)	(1,092,019)
Interest on lease		(9,321)	-
Interest paid		(2,474)	(1,450)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		(117,015)	(151,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of Investment		-	-
Payment for property, plant & equipment		(23,088)	(72,625)
NET CASH USED IN INVESTING ACTIVITIES		(23,088)	(72,625)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(28,424)	-
Proceeds from borrowings		-	31,631
Repayment of borrowings		(9,864)	(21,767)
NET CASH PROVIDED BY FINANCING ACTIVITIES		(38,288)	9,864
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(178,391)	(213,852)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR			
		860,100	1,073,952
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
	3	681,709	860,100

The accompanying notes form part of the financial statements

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, request or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

No impact for AASB 15 and AASB 1058.

The impact of the AASB 16 compared with the previous Accounting Standards on the previous reporting period is an \$8,127 adjustment to equity.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Basis of Preparation

These financial statements have been prepared in accordance with the Corporations Act 2001 and the recognition 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 modified where applicable by the measurement of selected non-current assets.

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) Investment Property

Freehold land and building has been reclassified as an investment property due to the Company ceasing occupancy from the 1st August 2018. As at this date, a director valuation was undertaken, valuing the property at \$832,000. The \$885,000 fair value as at 30 June 2019 was obtained by using the valuation prepared by Peter Lawrence of Lawrence Commercial Valuers. The directors determined that there are no impairment indicators for this property.

(d) Property, Plant and Equipment

Property

Freehold land and building at Unit 2, 613 Whitehorse Road Mitcham has been reclassified as an investment due to the Company ceasing occupancy on the 1st August 2018, refer (c) above.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FIINANCIAL YEAR ENDED 30 JUNE 2020

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 diminishing value basis.

Leasehold Improvements

All improvements to the company's leasehold property, being Level 1 95 Northbourne Avenue, Turner, ACT are measured on a cost basis less amortisation and impairment losses. Leasehold Improvements are amortised over the period of the lease.

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 diminishing value method of depreciation

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

Right of use asset (straight line)	17%
Leasehold Improvements	14%
Computer equipment	25%
Furniture, fittings and other equipment	20%
Regional plant and equipment	20%

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 revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) 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.

(f) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(g)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. A provision for long service leave is recorded in the financial statements for employees with greater than seven years' service.

(h) Intangibles

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 diminishing value 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, show uniforms, 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 recognition

Revenue from contracts with customers

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

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

Sales Revenue

Revenue from the sale of merchandise and publications is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis by reference to the principal and the effective interest rate applicable.

(k) Membership Subscription Revenue/Advance Revenue

Membership subscription notices for the year ending 30 June 2021 were forwarded to members in June 2020. Amounts paid by members before 30 June 2020 have been included as a Contract Liability, in the financial statements.

(l) Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

The contract liabilities includes member's subscriptions for the 2019/2020 financial year and National Show & Sale Income received in advance.

(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) 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, climate conditions and international pandemic) that will affect these sources of Company Income.

(o) 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.

(p)Critical Accounting Estimates and Judgements

The Board of Directors evaluates 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 company.

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.

Provision for impairment of receivables

The Company's policy for allowance for doubtful receivables is based on the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables and considers an assessment of recoverability and ageing analysis of outstanding accounts and management's estimates. The Board of Directors believe that all trade receivables are recoverable.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2 REGIONAL INCOME & EXPENDITURE	2020	2019
	\$	\$
REVENUE		
Advertising/sponsorship	8,548	17,454
Auction income	3,567	9,801
Education and training	3,379	4,187
Interest received	1,014	532
Merchandise & asset sales	7,027	13,360
Newsletter income	200	453
Show/event income	59,565	209,779
Sundry & website	16,792	20,928
	<u>100,092</u>	<u>276,494</u>
EXPENDITURE		
Advertising/sponsorship/trophies	9,501	28,758
Auction expenses	-	1,075
Depreciation of assets	4,057	4,849
General administration expenses	15,119	10,667
Merchandise purchases	9,629	11,041
Newsletter expenses	-	947
Show/event expenses	102,509	191,957
Sundry & equipment expenses	17,799	17,118
Training/courses	3,011	4,260
	<u>161,625</u>	<u>270,672</u>
NET REGIONAL SURPLUS / (DEFICIENCY)	<u>(61,533)</u>	<u>5,822</u>
3 CASH AND CASH EQUIVALENTS		
Petty cash float and cash on hand	-	700
Cash at bank - operating account	216,914	270,265
Cash at bank - cash management account	706	204
Cash at bank - term deposits	-	158,417
Cash at bank - provision account	5	5
Cash at bank-youth account	8,863	9,538
Cash at bank- national show account	13,278	1
Cash at bank and on hand - region accounts	158,489	200,452
Cash at bank - region investment accounts	165,464	171,003
Cash at bank – youth development account	29,373	4,299
Cash at bank – commercial development account	11,823	1,815
Cash at bank – research & development account	76,794	43,401
	<u>681,709</u>	<u>860,100</u>

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4 TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
CURRENT		
Trade receivables- members	38,205	22,866
Interest Receivable	162	735
Sundry debtors – regions	1,631	17,651
	<u>39,998</u>	<u>41,252</u>

5 OTHER ASSETS

CURRENT		
Prepayments - show & sale/events	10,818	2,746
Prepayments – other	31,513	60,463
	<u>42,331</u>	<u>63,209</u>

6 INVENTORY

Stock on hand - national office, Turner	21,824	25,096
Stock on hand – regions	4,784	2,528
	<u>26,608</u>	<u>27,624</u>

7 INVESTMENTS

NON-CURRENT		
Investment Property – Unit2, 613 Whitehorse Road, Mitcham at Fair value The property was valued by Lawrence Commercial on 30 June 2019.	885,000	885,000
	<u>885,000</u>	<u>885,000</u>

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

8 PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements - at cost	31,754	31,754
Less: accumulated depreciation	(8,559)	(4,505)
	<u>23,195</u>	<u>27,249</u>
Office furniture, fittings and other equipment - at cost	266,437	266,257
Less: accumulated depreciation	(180,674)	(149,817)
	<u>85,763</u>	<u>116,440</u>
Plant & equipment - regions - at cost	245,397	245,397
Less: accumulated depreciation	(236,968)	(233,090)
	<u>8,429</u>	<u>12,307</u>
INTANGIBLE ASSETS		
Website Development – at cost	22,910	-
Less: accumulated amortisation	(4,581)	-
	<u>18,328</u>	<u>-</u>
Total property, plant and equipment	<u>135,715</u>	<u>155,996</u>
Right of use asset	199,016	-
Less: accumulated amortization	(33,636)	-
	<u>165,380</u>	<u>-</u>
LEASE LIABILITY		
Current	30,836	-
Non- current	147,882	-
	<u>178,718</u>	<u>-</u>

Accounting Policy

At inception of a contract, the entity assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the entity the right to control the use of an identified asset over a period of time in return for consideration. Where a contract or arrangement contains a lease, the entity recognises a right-of-use asset and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of the future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations. Lease assets are depreciated using the straight line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index, or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

9 TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
CURRENT		
Trade payables	2,160	54,534
Credit Card Liabilities	979	1,408
Sundry creditors	6,156	47,103
Accrued expenses	22,346	1,761
GST Payable	(1,927)	3,225
	29,714	108,031

10 INCOME IN ADVANCE

Advance revenue - members subscriptions	118,102	129,177
Advance revenue – other	22,471	12,496
	140,573	141,673

11 SHORT TERM PROVISIONS

Provision for annual leave	23,958	13,268
	23,958	13,268

12 BORROWINGS

Loan – Macquarie Premium Funding	-	9,864
	-	9,864

13 SEGMENT REPORTING

Net Surplus/(Deficit) by Operating Segment		
National Operations	(86,989)	(40,180)
Regional Operations	(61,533)	5,822
Youth Groups	82	1,713
Total	(148,440)	(32,645)

14 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 (2019: \$20) each towards outstanding obligations of the Company while they are a member or within one year of their membership ceasing. At 30 June 2020, the number of members was 1,299 (30 June 2019: 1,210).

15 EVENTS SUBSEQUENT TO REPORTING DATE

The planned annual show had to be cancelled due to the impact of Covid 19.

16 RELATED PARTY TRANSACTIONS

Directors were not provided with any remuneration during the financial year. All transactions with directors were

AUSTRALIAN ALPACA ASSOCIATION LIMITED
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at arm's length except for a free fleece sample which was provided from previous Director Ian Preuss and previous President Andrew Munn.

19 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 2612

**DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

The board of directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with Corporations Act 2001 and the accounting policies described in Note 1 to the financial statements.

The directors declare that:

1. The financial statements set out on pages 10 -27 present fairly the company's financial position as at 30 June 2020 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:



Prue Walduck
Interim President



Carolyn Austin
Treasurer

Dated this 30th day of September 2020

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 2020, the statement of 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, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Basis of Accounting

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. Our opinion is not modified in respect of this matter.

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 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view 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 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.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

**RSM AUSTRALIA PARTNERS****GED STENHOUSE**

Partner

Canberra, Australian Capital Territory

Dated: 20 October 2020