

Financial Statements

Pony Club Association of Western Australia (Inc)

ABN: 24 154 398 757

For the year ended 31 December 2018

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note s	2018	2017
Other income		-	-
Sporting income		82,817	80,002
Host fees		22,442	18,708
Levies		30,400	21,936
Association Income		308,774	266,725
Donations received		1,847	1,200
Development income		11,028	10,218
Government grants received		54,138	65,000
Profit/(loss) merchandise sales		12,062	3,345
Sponsorship & fundraising income		79,986	56,167
Interest received		4,376	5,897
Total Income		607,869	529,198
Accountancy & auditing		30,602	22,420
Advertising & promotion		1,567	(91)
Bad debts		45	191
Bank fees		290	454
Bank merchant fees		1,981	483
Catering expenses		6,805	7,886
Coaches, Judges & Officials expenses		26,740	18,612
Computer expenses		4,049	9,815
Depreciation		10,950	14,442
Donations		1,275	500
Employment expenses		359	1,085
Equipment lease – Photocopier		5,376	5,376
Event expenses		9,229	7,365
First aid expenses		8,216	11,071
Grants given by PCAWA sponsorship		3,821	3,450
Hire/Rent of plant & equipment		3,716	7,284
Host fee expense		16,086	21,579
Impairment expense		-	1,048
Insurance		55,288	62,921
Inventory write off		3,044	27,898
Leave expense		1,673	11,843
Legal fees		-	50
Licences & permits		826	714
Office expenses		1,877	1,643
Postage		3,181	2,040
Printing & stationery		5,163	5,233
Professional development		1,555	2,285
Repairs & maintenance		337	966
Rent		21,294	20,489

Sporting awards		29,815	25,841
Subscriptions		14,747	7,667
Superannuation		16,306	19,401
Telephone		5,744	7,788
Travel, accommodation		14,383	5,386
Uniforms		2,741	596
Venue hire expenses		19,785	22,067
Veterinary expenses		782	330
Wages		180,454	210,878
Total Expenses		510,102	569,192
Profit (loss) for the year		97,767	(39,808)
Net profit (loss) attributable to the Association		97,767	(39,808)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 31 December 2018

	No te s	2018	2017
Current assets			
Cash and cash equivalents	2	326,518	182,475
Trade and other receivables		12,420	22,708
Inventories		7,268	15,363
Other current assets		905	2,128
Total current assets		347,111	222,674
Non-current assets			
Property, plant and equipment	3	35,543	44,761
Intangible assets		-	-
Total non-current assets		35,543	44,761
Total assets		382,654	267,435
Current liabilities			
Trade and other payables	4	27,421	11,642
Provisions	5	13,516	11,843
Total current liabilities		40,938	23,485
Total liabilities		40,938	23,485
Net assets		341,717	243,950
Equity			
Accumulated surplus/(deficit)		341,717	243,950
Total equity		341,717	243,950

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For year ended 31 December 2018

	No te s	Retaine d earnin g s	Total
Balance at 1 January 2017		283,758	283,758
Profit for the year		(39,808)	(39,808)
Balance at 31 December 2017		243,950	243,950
Profit for the year		97,767	97,767
Balance at 31 December 2018		341,717	341,717

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For year ended 31 December 2018

	Notes	2018	2017
Cash flows from operating activities			
Receipts from customers		631,989	538,849
Payments to suppliers and employees		(486,214)	(541,574)
Net cash provided by/(used in) operating activities	6	145,775	(2,725)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,400)	(1,317)
Proceeds from sale of property, plant and equipment		2,668	
Net cash (used in) investing activities		(1,732)	(1,317)
Cash flows from financing activities			
Net cash (used in) financing activities		-	-
Net change in cash and cash equivalents held		144,043	(4,042)
Cash and cash equivalents at beginning of financial year		182,475	186,517
Cash and cash equivalents at end of financial year		326,518	182,475

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 Statement of significant accounting policies

The Board have prepared the financial statements on the basis that the Association is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Association Incorporations Act 2015*.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations 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*, and AASB 1054 *Australian Additional Disclosures*.

1.1 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

1.2 New and amended standards adopted by the Association

The Association has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Association's financial statements for the annual period beginning 1 January 2018.

None of the amendments have had a significant impact on the Association.

1.3 Significant accounting policies

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant and equipment

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

Plant and equipment are measured at cost less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Association commencing from the time the

asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Computer software & hardware:	40%
Plant and equipment:	10%-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's 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 statement of profit or loss and other comprehensive income.

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

Impairment of non-financial assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible 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 asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Association's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Association presents employee benefit obligations as current liabilities in the statement of financial position if the Association does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Provisions

Provisions are recognised when the Association 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 are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Goods and Services Tax (GST)

Revenues, 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 cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Association that have the most significant effect on the financial statements.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment

An impairment loss is recognised for the amount by which the assets' or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Association's assets within the next financial year.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Association. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made.

Provisions – Long service leave

As discussed in Note 1.3, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

2 Cash and cash equivalents

	2018	2017
Cash at bank and in hand	170,264	30,792
Short-term bank deposits	156,254	151,683
	326,518	182,475
	183,725	182,366

3 Property, plant and equipment

	2018	2017
Property, plant and equipment		
At cost	146,568	131,017
Accumulated depreciation	(111,025)	(86,226)
Total property, plant and equipment	35,543	44,761

4 Trade and other payables

	2018	2017
Current		
Trade payables	6,143	5,398
Accrued income	13,716	5,241
Other	7,562	129
	27,421	10,768

5 Provisions

	2018	2017
Current		
Annual leave	6,615	8,921
Long service leave	6,901	2,922
	13,516	11,843
Non-current		
Long service leave	-	-
	-	-

The current portion of these liabilities represents Pony Club Association of Western Australia's obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

6 Cash flow information

	2018	2017
a Reconciliation of cash flow from operations with profit / (loss) after income tax		
Profit / (Loss)	97,767	(39,808)
Non-cash flows in profit /(loss):		
• depreciation	10,950	14,442
• inventory write off	3,044	27,798
• impairment expense	-	1,048
Changes in assets and liabilities:		
• (Increase)/decrease inventories	5,051	826
• (Increase)/decrease in receivables	10,288	(7,954)
• (Increase)/decrease in other assets	1,223	629
• Increase/(decrease) in trade creditors and other creditors	15,779	(236)
• Increase/(decrease) in other liabilities	-	(11,313)
• Increase/(decrease) in provisions for employee entitlements	1,673	11,843
Net cash provided by/(used in) operating activities	145,775	(2,725)

7 Events after the reporting date

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

8 Association details

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

Pony Club Association of Western Australia Inc
303 Cathedral Avenue
Brigadoon WA 6069

Directors' Declaration

The Directors have determined that the Association 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 of the Association declare that:

- 1 The financial statements and notes, as set out on pages 2 to 13, are in accordance with the *Associations Incorporation Act 2015*:
 - a Comply with Accounting Standards as described in Note 1 to the financial statements, the *Associations Incorporation Act 2015* and other mandatory professional reporting requirements; and
 - b Give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Association in accordance with the accounting policies described in Note 1 to the financial statements; and
- 2 There are reasonable grounds to believe that the Association 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 Board of Directors.



Chairperson
Deborah Spencer

Dated 30th January 2018



Treasurer
Kevin Gianatti

Dated 30th January 2018

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Pony Club Western Australia Inc, which comprises the Statement of Financial Position as at 31 December 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, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion,

- (i) the financial report presents a true and fair view, in all material respects the financial position of the Pony Club Western Australia Incorporated as at 31 December 2018 and of its financial performance for the year then ended in accordance with the Associations Incorporation Act (Western Australia) 2015 and the accounting policies described in Note 1 to the financial statements; and
- (ii) the financial statements satisfy the requirements of the Associations Incorporation Act (Western Australia) 2015.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the Associations Incorporation Act (Western Australia) 2015 and to meet the needs of the members. As a result, the financial report may not be suitable for another purpose.

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

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PONY CLUB WESTERN AUSTRALIA INCORPORATED

INDEPENDENT AUDIT REPORT TO THE MEMBERS



Directors' Responsibility for the Financial Report

The Directors of Pony Club Western Australia Incorporated 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 is appropriate to meet the requirements of the members and their reporting requirements under the Associations Incorporation Act (Western Australia) 2015. The directors' responsibility also includes such internal control as they determine necessary to enable the preparation and true and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative 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 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/Home.aspx>. This description forms part of our auditor's report.

HTG PARTNERS



TIMOTHY TURNER
PARTNER

Dated this 6th day of February 2019