PONY CLUB
WESTERN AUSTRALIA

Financial Statements

Pony Club Western Australia Incorporated

ABN: 24 154 398 757

For the year ended 31 December 2019

PONY CLUB
WESTERN AUSTRALIA

Contents

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019	2018
Other income		144	-
Sporting income		121,521	82,817
Host fees		14,975	22,442
Levies		35,416	30,400
Association Income		302,594	308,774
Donations received		1,437	1,847
Development income		18,220	11,028
Government grants received		56,000	54,138
Profit/(loss) merchandise sales		10,337	12,062
Sponsorship & fundraising income		79,481	79,986
Interest received		4,767	4,376
Total Income		**644,893**	**607,869**
Accountancy & auditing		31,538	30,602
Administration fees & charges		-	-
Advertising & promotion		1,393	1,567
Bad debts		64	45
Bank fees		454	290
Bank merchant fees		2,117	1,981
Catering expenses		8,517	6,805
Coaches, Judges & Officials expenses		34,289	26,740
Computer expenses		3,618	4,049
Depreciation		21,777	10,950
Donations		-	1,275
Employment expenses		246	359
Equipment lease – Photocopier		5,159	5,376
Event expenses		41,719	9,229
First aid expenses		10,402	8,216
Grants given by PCWA sponsorship		10,913	3,821
Hire/Rent of plant & equipment		4,780	3,716
Host fee expense		23,388	16,086
Insurance		54,296	55,288

Inventory write off		6,987	3,044
Leave expense		3,893	1,673
Licences & permits		675	826
Office expenses		3,433	1,877
Postage		2,975	3,181
Printing & stationery		6,702	5,163
Professional development		8,202	1,555
Repairs & maintenance		1,720	337
Rent		21,487	21,294
Sporting awards		29,446	29,815
Subscriptions		11,631	14,747
Superannuation		16,807	16,306
Telephone		5,316	5,744
Travel, accommodation		12,560	14,383
Uniforms		4,251	2,741
Venue hire expenses		19,318	19,785
Veterinary expenses		782	782
Wages		177,170	180,454
Total Expenses		**588,023**	**510,102**
Profit (loss) for the year		**56,869**	**97,767**
Net profit (loss) attributable to the Association		**56,869**	**97,767**

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

Statement of Financial Position

As at 31 December 2019

	Notes	2019	2018
Current assets			
Cash and cash equivalents	2	425,528	326,518
Trade and other receivables		2,224	12,420
Inventories		0	7,268
Other current assets		4,825	905
Total current assets		432,577	347,111
Non-current assets			
Property, plant and equipment	3	12,956	35,543
Total non-current assets		12,956	35,543
Total assets		445,532	382,654
Current liabilities			
Trade and other payables	4	29,537	27,421
Provisions	5	17,409	13,516
Total current liabilities		46,947	40,938
Total liabilities		46,947	40,938
Net assets		**398,585**	341,717
Equity			
Accumulated surplus/(deficit)		398,585	341,717
Total equity		**398,585**	341,717

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

Statement of Changes in Equity

For year ended 31 December 2019

	Notes	Retained earnings	Total
Balance at 1 January 2018		243,950	243,950
Profit for the year		97,767	97,767
Balance at 31 December 2018		**341,717**	**341,717**
Profit for the year		56,868	56,868
Balance at 31 December 2019		**398,585**	**398,585**

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

Statement of Cash Flows

For year ended 31 December 2019

	Notes	2019	2018
Cash flows from operating activities			
Receipts from customers		666,125	631,989
Payments to suppliers and employees		(567,928)	(486,214)
Net cash provided by/(used in) operating activities	6	**98,198**	**145,775**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(4,400)
Proceeds from sale of property, plant and equipment		810	2,668
Net cash (used in) investing activities		**810**	**(1,732)**
Cash flows from financing activities			
Net cash (used in) financing activities		-	-
Net change in cash and cash equivalents held		**99,008**	**144,043**
Cash and cash equivalents at beginning of financial year		**326,518**	**182,475**
Cash and cash equivalents at end of financial year		**425,528**	**326,518**

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 2019.

None of the amendments have had an 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:

Class of fixed asset	*Depreciation rate*
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 arises mainly from fees received from members and revenue from sporting events.

To determine whether to recognise revenue, the Association follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Association satisfies performance obligations by transferring the promised goods or services to its members. The Association recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Association satisfies a performance obligation before it receives the consideration, the Association recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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.

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.

6 Cash and cash equivalents

	2019	2018
Cash at bank and in hand	160,068	170,264
Short-term bank deposits	265,459	156,254
	425,528	**326,518**

7 Property, plant and equipment

	2019	2018
Property, plant and equipment		
At cost	129,825	146,568
Accumulated depreciation	(116,870)	(111,025)
Total property, plant and equipment	**12,955**	**35,543**

8 Trade and other payables

	2019	2018
Current		
Trade payables	4,784	6,113
Accrued income	24,753	13,716
Other	-	7,562
	29,537	**27,421**

9 Provisions

	2019	2018
Current		
Annual leave	8,705	6,615
Long service leave	8,704	6,901
	17,409	**13,516**
Non-current		
Long service leave	-	-
	-	**-**

The current portion of these liabilities represents Pony Club 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.

10 Cash flow information

	2019	2018
a Reconciliation of cash flow from operations with profit / (loss) after income tax		
Profit / (Loss)	56,868	97,767
Non-cash flows in profit /(loss):		
• depreciation	21,777	10,950
• inventory write off	6,987	3,044
Changes in assets and liabilities:		
• (Increase)/decrease inventories	381	5,051
• (Increase)/decrease in receivables	10,196	10,288
• (Increase)/decrease in other assets	(3,920)	1,223
• Increase/(decrease) in trade creditors and other creditors	2,116	15,779
• Increase/(decrease) in provisions for employee entitlements	3,893	1,673
Net cash provided by/(used in) operating activities	**98,198**	**145,755**

11 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.

12 Association details

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

Pony Club Western Australia Incorporated
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 2019 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.

D Spencer.

Chairperson
Deborah Spencer

Dated 10th February 2019

Chair of Audit & Finance Committee
Brooke Williams

Dated 10th February 2019

HTG Partners
Growth Strategy Solutions
Accounting | Tax | Audit | Advisory

PONY CLUB WESTERN AUSTRALIA INCORPORATED

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100

Telephone: (08) 9362 5855

htg@htgpartners.com.au
www.htgpartners.com.au

ABN: 78 607 011 001

PO Box 199
Victoria Park
Western Australia 6979

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 2019, 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 2019 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.

PARTNERS

Timothy Turner
BBus (Acc), FCPA, CTA
Registered Company Auditor

Vick Gelevitis
BBus (Acc), FCPA, CTA

Darryl Rodrigues
BSc, BBus (Acc), CPA

PONY CLUB WESTERN AUSTRALIA INCORPORATED

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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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 10th day of February 2020