

# BROWN, MACAULAY & WARREN

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## AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.

We have audited the accompanying financial report, being a special purpose financial report, of Australian Endurance Riders Association Inc. (the association), which comprises the income statement as at 31<sup>st</sup> December 2010, the balance sheet for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

#### *Committee's Responsibility for the Financial Report*

The Committee of the association is responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Associations Incorporation Act and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to the audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

#### *Qualification*

As is common for organisations of this type, it is not practicable for the committee to maintain an effective system of internal control over contributions, donations and fundraising receipts, etc., until their initial entry in the accounting records. Accordingly, our audit in relation to these items was limited to amounts recorded.

#### *Qualified Auditor's Opinion*

In our opinion, subject to the effect of any adjustments necessary had the above qualification not existed, the financial report presents fairly, in all material respects, the financial position of Australian Endurance Riders Association Inc. as at 31<sup>st</sup> December 2010 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the Associations Incorporation Act.

#### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Australian Endurance Riders Association Inc. to meet the requirements of the Associations Incorporation Act. As a result, the financial report may not be suitable for another purpose.

BROWN, MACAULAY & WARREN  
Chartered Accountants  
Suite 9, First Floor, 84 Monkland Street, Gympie QLD 4570

.....  
Damien A. Perissinotto

Dated this            day of            2011.

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**

**COMMITTEE'S REPORT**

Your committee members submit the financial report of the Australian Endurance Riders Association Inc. for the financial year ended 31<sup>st</sup> December 2010.

**COMMITTEE MEMBERS**

The names of committee members throughout the year and at date of this report are:

**Ieva Peters  
Anne Jones  
Tom McCormack**

**PRINCIPAL ACTIVITIES**

The principal activities of the association during the financial year were to:-

1. Promote and foster the sport of Endurance Riding;
2. Provide control over Endurance Rides of 80 kilometres distance or more, and over non-competitive Training Rides of a lesser distance by way of rules and procedures;
3. Establish and maintain state, territorial or other Divisions of the Association;
4. Encourage, promote and conduct Endurance Rides with international standing within Australia; and
5. Encourage the breeding of superior horses for the sport of Endurance Riding.

**SIGNIFICANT CHANGES**

No significant change in the nature of these activities occurred during the year.

**OPERATING RESULT**

The profit/(loss) from ordinary activities after providing for income tax amounted to \$19,118.84.

Signed in accordance with a resolution of the Members of the Committee.

.....  
**Ieva Peters (President)**

.....  
**Tom McCormack (Treasurer)**

Dated this        day of        2011.

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.  
STATEMENT BY MEMBERS OF THE COMMITTEE**

In the opinion of the committee the financial report as set out on pages 1 to 12:

1. Presents fairly the financial position of Australian Endurance Riders Association Inc. as at 31<sup>st</sup> December 2010 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Australian Endurance Riders Association Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

**President** .....  
**Ieva Peters**

**Treasurer** .....  
**Tom McCormack**

Dated this        day of        2011.

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	385,374.66	394,467.29
Depreciation and amortisation expenses		1,259.00	2,107.00
Other expenses from ordinary activities		364,996.82	350,407.10
Profit from ordinary activities	3	19,118.84	41,953.19
Net profit from ordinary activities	10	\$ 19,118.84	\$ 41,953.19
Total changes in equity of the association		<b>\$ 19,118.84</b>	<b>\$ 41,953.19</b>

## AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.

BALANCE SHEET  
FOR THE YEAR ENDED 31ST DECEMBER 2010

	Note	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash Assets	4	154,887.90	190,483.20
Receivables	5	4,685.36	6,039.00
Inventories	6	77,914.73	46,239.20
<b>TOTAL CURRENT ASSETS</b>		<u>\$ 237,487.99</u>	<u>\$ 242,761.40</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	28,061.33	3,731.83
<b>TOTAL NON-CURRENT ASSETS</b>		<u>\$ 28,061.33</u>	<u>\$ 3,731.83</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 265,549.32</b></u>	<u><b>\$ 246,493.23</b></u>
<b>CURRENT LIABILITIES</b>			
Goods & Services Tax Liabilities	10	(2,161.00)	(2,098.25)
<b>TOTAL CURRENT LIABILITIES</b>		<u>\$ (2,161.00)</u>	<u>\$ (2,098.25)</u>
<b>TOTAL LIABILITIES</b>		<u><b>\$ (2,161.00)</b></u>	<u><b>\$ (2,098.25)</b></u>
<b>NET ASSETS</b>		<u><b>\$ 267,710.32</b></u>	<u><b>\$ 248,591.48</b></u>
<b>EQUITY</b>			
Retained profits	11	267,710.32	248,591.48
<b>TOTAL EQUITY</b>		<u><b>\$ 267,710.32</b></u>	<u><b>\$ 248,591.48</b></u>

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

**Note 1: Statement of Significant Accounting Policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Queensland). The committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

**a. Income Tax**

The association has determined that it is exempt from income tax as being a non-profit association established for the encouragement of a sporting activity. Claiming exemption under section 50-45 of the Income Tax Assessment Act 1997.

**b. Inventories**

Inventories consist of logbooks and Quilty Buckles and are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

**c. Property, Plant and Equipment**

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

**Plant and Equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:-

Class of Fixed Asset	Depreciation Rate
Software Costs (Data Base)	10%
Office Furniture & Equipment	20% - 100%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance 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 and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to the retained earnings.

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.  
NOTES TO THE FINANCIAL STATEMENTS (Cont'd)  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**d. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held-at-call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**e. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the association has established that it has a right to receive a dividend.

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

**f. 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 part of an item on the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

## AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010

	2010	2009
	\$	\$
<b>NOTE 2: REVENUE</b>		
<b>Administration</b>		
Operating activities		
— Affiliation Fees	39,424.10	35,048.63
— FEI Ride Levy	456.37	-
— Freight Collected	289.53	370.46
— Horse Registrations	13,200.91	27,350.03
— Insurance States	177,276.49	157,339.91
— National Meeting Reimbursements	19,401.03	22,409.37
— Quilty Income	43,347.29	30,641.82
— Riders Fees to South Africa	11,879.07	-
— Sale of Merchandise	6,067.73	6,815.46
— Sales Logbooks	9,011.23	12,314.75
— Sponsorship & Donations	2,272.73	2,500.00
Non-operating activities		
— Distance Register	97.44	72.73
— Horse Registration Data Base	11,083.60	16,717.08
— Interest Received	4,648.68	3,440.66
— International Ride Facilitation Fees	4,460.08	-
— Sundry Income	-	0.90
Total Revenue	<u>\$ 342,916.28</u>	<u>\$ 315,021.80</u>
<b>International</b>		
Operating activities		
— FEI Calendar Fees	13,551.00	14,714.94
— FEI Ride Levy	8,260.31	6,609.09
— International Team Travel Payments	3,332.00	18,155.63
— LNO	1,254.99	2,785.45
— Sale of Merchandise	1,373.47	4,909.23
— Sponsorship & Donations	1,838.40	7,490.91
— Squad Accommodation	-	241.82
Non-operating activities		
— Interest Received	74.83	68.30
— Sundry Income	-	5,912.60
	<u>\$ 29,685.00</u>	<u>\$ 60,887.97</u>
<b>Squad</b>		
Operating activities		
— FEI Course Charges	2,662.05	2,697.27
— Membership	6,440.33	7,638.60
— Sale of Merchandise	-	992.61
— Sponsorship & Donations	3,136.00	5,000.00
— Young Horse Series	504.12	2,173.64
Non-operating activities		
— Interest Received	30.88	34.65
— Sundry Income	-	20.75
	<u>\$ 12,773.38</u>	<u>\$ 18,557.52</u>



**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities has been determined after:		
<b>a. Expenses: Administration</b>		
Cost of sales (International Uniforms)	6,689.10	(102.31)
Cost of sales (Logbooks)	7,458.52	2,924.49
Cost of sales (Merchandise)	5,236.52	832.86
Cost of sales (Publications)	93.18	-
Cost of sales (Quilty Income)	19,052.70	18,168.73
Accountancy & Audit Fees	1,502.50	1,612.05
Advertising	1,759.84	392.36
Affiliation Fees	10,683.52	9,828.00
Bank Charges	207.33	271.88
Catering	3,275.84	1,353.10
Data Base	7,758.39	27,712.35
Depreciation of property, plant and equipment	1,259.00	2,107.00
Distance Register	3,727.04	4,108.53
Fees & Permits	562.73	716.91
General Expenses	1,170.28	3,330.19
Hire of Plant, Equipment & Facilities	625.34	647.38
Honorariums Paid	16,950.00	16,800.00
Insurance	164,814.96	145,368.69
Internet Expenses	1,779.06	2,745.05
Legal Fees	14,416.59	-
Pat Slater Cup	-	5,973.00
Postage Printing & Stationery	6,545.60	2,440.56
Telephone	481.77	595.23
Trophies & Ribbons	5,056.46	3,756.03
Travelling, Accommodation & Conferences	43,807.33	32,746.41
Web Hosting	2,150.37	2,260.41
	<b>\$ 327,063.97</b>	<b>\$ 286,588.90</b>

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

**NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (CONT.)**

**a. Expenses: International**

Cost of sales (Merchandise)	1,359.25	4,883.43
Bank Charges	210.00	40.00
Calendar Fees - EFA	6,740.91	5,368.18
Catering	16.10	736.96
General Expenses	24.98	-
Hire of Plant, Equipment & Facilities	-	741.48
Honorariums Paid	600.00	-
Internet	202.20	-
Late Fee International Event - EFA	-	1,785.00
Medication Control Program - EFA	505.00	960.00
Modification of FEI Event	-	770.00
Organising Dues - EFA	3,500.00	7,700.00
Travelling Expenses	13,061.14	21,906.96
Veterinary Expenses	-	1,214.07
	\$ 26,219.58	\$ 46,106.08

**a. Expenses: Squad Account**

Cost of Sales - Merchandise	2,623.90	4,725.72
Advertising	141.71	140.00
Bad Debts	-	77.00
Bank Charges	75.00	75.00
Catering	-	42.10
General Expenses	4.72	136.36
Hire of Plant, Equipment & Facilities	-	524.55
Honorariums Paid	4,740.00	4,900.00
Internet	573.71	399.89
Postage Printing & Stationery	703.84	676.40
Telephone	2,137.98	2,225.33
Travelling Expenses	1,971.41	5,437.68
Veterinary Expenses	-	459.09
	\$ 12,972.27	\$ 19,819.12

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash at Bank		
-Westpac General Account	8,396.77	10,459.35
-Westpac Squad Account	16,629.95	4,216.81
-Westpac International Account	2,399.90	17,712.81
-Westpac Max-I Direct Account	62,650.22	75,861.18
-Westpac Max-I Direct Account	64,811.06	82,233.05
	<b>\$ 154,887.90</b>	<b>\$ 190,483.20</b>

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>		
Refund owed by ATO due to overpayment	-	268.00
Sundry debtors	4,685.36	5,771.00
	<b>\$ 4,685.36</b>	<b>\$ 6,039.00</b>

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 6: INVENTORIES</b>		
Stock on hand, at cost	77,914.73	46,239.20
	<b>\$ 77,914.73</b>	<b>\$ 46,239.20</b>

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>		
Software Costs (Data Base) — at cost	25,588.50	-
Less accumulated depreciation	14.00	-
	25,574.50	-
Office furniture & Equipment — at cost	24,140.33	24,140.33
Less accumulated depreciation	21,653.50	20,408.50
	2,486.83	3,731.83
Total Property Plant & Equipment	<b>\$ 28,061.33</b>	<b>\$ 3,731.83</b>

a. Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	<b>Plant &amp; Equipment/ Office Equipment</b>	<b>Software Costs (Data Base)</b>	<b>Total</b>
Balance at the beginning of year	3,731.83	-	3,731.83
Additions/Disposal	-	25,588.50	25,588.50
Depreciation expense	1,245.00	14.00	1,259.00
Carrying amount at the end of year	2,486.83	25,574.50	28,061.33

**AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 10: GOODS &amp; SERVICES TAX (GST) LIABILITIES</b>		
GST Payable	4,742.00	5,652.75
Input Tax Credits	6,903.00	7,751.00
	<b>\$ (2,161.00)</b>	<b>\$ (2,098.25)</b>

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>NOTE 11: RETAINED PROFITS</b>		
Retained profits at the beginning of the financial year	248,591.48	206,638.29
Net profit attributable to the association	19,118.84	41,953.19
Retained profits at the end of the financial year	267,710.32	248,591.48

**NOTE 12: ASSOCIATION DETAILS**

The principal place of business of the association is:

AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.  
6 Lucas Drive  
Burrum Heads QLD 4659

AUSTRALIAN ENDURANCE RIDERS ASSOCIATION INC.

Taxation Depreciation Schedule - Detailed

Period 1/01/2010 to 31/12/2010

Asset Code	Description	Acquisition Date	Priv. Use %	Cost	Open Adj. Value	Disposal Date	Term. Value	Assessable	Deductible	Eff. Life or %	Decline in Value	YTD	Prime Cost	Diminishing Value	Deduction for Decline	Close Adj. Value
<b>742</b>	<b>Software Costs (Data Base)</b>															
742 001	Data Base Costs	30/12/2010	-	25589	-	-	-	-	-	10.00 P	14	14	14	-	-	25575
				<u>25589</u>	<u>0</u>			<u>0</u>	<u>0</u>				<u>14</u>	<u>0</u>		<u>25575</u>
<b>746</b>	<b>Office Furniture &amp; Equipment</b>															
746 010	Printer	19/05/2008	-	254	115	-	-	-	-	40.00 D	46	46	-	46	-	69
746 011	Squad Computer	02/07/2008	-	1182	567	-	-	-	-	40.00 D	227	227	-	227	-	340
746 012	Computer	26/08/2008	-	2200	1135	-	-	-	-	40.00 D	454	454	-	454	-	681
746001	Office Furniture & Equipment (Pre Dec 2004)	31/12/2004	-	15279	1459	-	-	-	-	20.00 D	292	292	-	292	-	1167
746002	Printer (Squad)	09/03/2005	-	182	20	-	-	-	-	37.00 D	7	7	-	7	-	13
746004	MYOB Premier 9	10/12/2005	-	1108	165	-	-	-	-	37.50 D	62	62	-	62	-	103
746005	ASUS A3FC Laptop	06/10/2006	-	1400	43	-	-	-	-	66.67 D	29	29	-	29	-	14
746006	MSI Customised 15.4 Widescreen Laptop	11/05/2007	-	2100	133	-	-	-	-	66.66 D	89	89	-	89	-	44
746007	Computer Virus and 4GB USB Drive	23/04/2007	-	124	-	-	-	-	-	100.00 D	-	-	-	-	-	-
746008	Sharp Plain Paper Facsimile	24/04/2007	-	149	39	-	-	-	-	40.00 D	16	16	-	16	-	23
746009	Canon MP520 Printer	29/11/2007	-	164	57	-	-	-	-	40.00 D	23	23	-	23	-	34
TOTAL				<u>24140</u>	<u>3732</u>			<u>0</u>	<u>0</u>				<u>0</u>	<u>1245</u>		<u>2487</u>
				<u>49729</u>	<u>3732</u>			<u>0</u>	<u>0</u>				<u>14</u>	<u>1245</u>		<u>28061</u>
				Less balancing adjustment offset				<u>0</u>	<u>0</u>							
				Assessable income				<u>0</u>	<u>0</u>							
								Total deduction for decline in value						<u>1259</u>		

\* Asset has cost limit

Notes:

- Assets allocated to taxation pools are not included in this report.
- Where a taxation pool is set up refer to the relevant pool schedule report for details of decline in value for the pool.
- For disposed assets that have non-taxable use refer to Capital Gains Schedule report for any gain or loss resulting from a CGT K7 event.
- The Open Adj. Value includes second element of cost (additional expense) incurred in the current year. Hence, this amount may vary from the Close Adj. Value from the previous year.