

Australian Alpaca Association Limited

A.C.N. 067 146481

A.B.N 30 067 146481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

Australian Alpaca Association Limited

ABN 30 067 146 481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

	Page Number
Directors Report	3-10
Auditor's Independence Declaration	11
Income Statement	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17-29
Directors' Declaration	30
Independent Audit Report to the Members	31-32

Australian Alpaca Association Limited
ABN 30 067 146 481

**SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014**

Your Directors present their report on the Company for the financial year ended 30 June 2014.

Directors

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

Mrs Michelle Malt, President
Mrs Dinah Fisher, Vice President
Mr Trevor Parry, Vice President and Company Secretary (resigned 9 March 2014)
Mrs Chris Cronshaw, Treasurer
Mr Ian Braithwaite (appointed 24 June 2014)
Mr Nick De Bruyn (appointed 24 May 2014)
Mrs Margaret Dorsch (resigned 24 April 2014)
Mrs Jenny Ford (resigned 2 September 2013)
Mrs Esme Graham
Mr Mahlon Hotker
Mr Greg Scarlett (appointed 10 October 2013)
Mr Jeff Willis (appointed 10 October 2013)

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

Company Secretary

Mr Trevor Parry, a Director of the Company was appointed Company Secretary on 9 November 2012 and subsequently resigned on 9 March 2014. Mr Craig Taberner, Australian Alpaca Association General Manager, was appointed Company Secretary on 7 April 2014.

Short and Long Term Objectives

The objectives of the Company are to sustain and expand the alpaca industry, provide services to its members and promote and advance the breed standard and husbandry of alpacas as an agricultural resource to Australia.

Strategy for Achieving Short and Long Term Objectives

The Company's strategy has been to promote and advance the purity of the alpaca breed, utilizing the International Alpaca Registry. In addition, its strategy has been to foster the marketing of alpaca products and encourage a relationship with the industries associated with those activities.

Australian Alpaca Association Limited
ABN 30 067 146 481

**SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014**

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. During the past twelve month's income from memberships and the number of new members and membership renewals has declined; however the income and number of animal registrations increased.

Operating Results

The operating results show a deficit of \$128,214 for the financial year ending 30 June 2014, (2013 – surplus of \$116,713).

Review of Operations

A review of operations of the entity during the financial year indicates that total revenue increased by \$14,021 from 2013 and that total expenditure increased by \$258,945 from 2013. The increase in revenue was predominately due to the income received for the national conference.

In regard to expenditure, while the board has been vigilant in respect of managing expenditure during the financial year there was an increased focus on industry promotion and marketing, plus a strategic emphasis on IT infrastructure analysis which reflect the significant increase in expenditure.

The overall deficit of \$128,214 has occurred as a result of the National office's deficit of \$123,703 and a combined Region's deficit of \$4,511.

The focus for the 2014/2015 budget is to have a balanced budget, however the Board recognises its responsibility to maintain an adequate level of cash reserves to ensure good financial management of the company for the benefit of its members and for the industry at large, and that a balanced budget may not be desirable in the future.

Australian Alpaca Association Limited
ABN 30 067 146 481

**SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014**

There have been several provisions recognised as at 30 June 2014 financial year, which have been based on best estimates at the current time, of the amounts required to settle the obligations at the reporting date. These provisions include provisions for employee entitlements (\$34,107) provision for legal fees (\$15,000) and provision for body corporate expenditure (\$5,000).

Significant Changes in State of Affairs

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

After Reporting Date Events

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

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.

Australian Alpaca Association Limited
ABN 30 067 146 481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

Information on Directors

Mrs Michelle Malt (President)

Qualifications: Diploma of Teaching, Associate ANZIIF (General Insurance)

Experience: Past President South Queensland Northern NSW Region AAA, an Alpaca Breeder since 2005. Currently self-employed in farming and delivery business. Previous experience includes 20+ years in the Financial Services industry across a range of Management roles and four+ years self-employed small business incorporating retail and service provision. Honorary Secretary of the local Show Society for the past four years.

Portfolio responsibility: International Relations, Office Administration, Regional Handover.

Regional responsibility: Overseas

Mrs Esme Graham (Director)

Experience: Self-employed for 34 years – 18 years owner/manager Interior Plant scaping business employing 50 people. Fifteen years owner/manager retail nursery business. Founder of Interior Plant scaping Association Australia as well as founder of Garden lovers Nursery Co-op – retail industry marketing arm. Sixteen years involvement in the alpaca industry, including Regional President, Treasurer and Committee member.

Portfolio Responsibilities: Magazine Editor, National Show and Sale 2014.

Regional Responsibilities: South QLD / Northern NSW (shared), Queensland (shared) and Tasmania

Mrs Dinah Fisher (Vice President)

Qualifications: Bachelor of Architecture, Graduate Diploma of Education (VET)

Experience: AAA Board member October 2011 to the present, past Vice-President and Newsletter editor, Member AAA Central Western NSW regional committee since 2001

Portfolio Responsibilities: Office Administration, Public Relations, Marketing and Branding, Audit & Risk Committee Member

Regional Responsibilities: New South Wales – Central Western, Central Coast & Hunter, Hawkesbury / Blue Mountains, Sydney Coast and Highlands, Southern.

Mrs Christine Cronshaw (Treasurer)

Qualifications: Bachelor of Business degree in accounting as well as a Diploma in financial planning.

Experience: An Accountant by profession with related experience in financial planning, taxation and insurance, as well as knowledge of audit procedures.

Portfolio Responsibilities: Finance; Audit and Risk Committee Member

Regional Responsibilities: Victoria – Western, Central and Eastern

Australian Alpaca Association Limited
ABN 30 067 146 481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

Mr Mahlon Hotker

Qualifications: Certificate IV in furniture design and manufacture

Experience: Self-employed previously running a manufacturing business and currently running three retail businesses as well as managing a small property portfolio including commercial strata.

Portfolio Responsibilities: Showing and Judging, Breed Standards

Regional Responsibilities: Western Australia, South Australia (shared)

Mr Greg Scarlett

Qualifications: Bachelor of Pharmacy.

Experience: President South Australia Region AAA (since 2012), an Alpaca Breeder since 2000.

Currently self-employed in pharmacy (owner of two community pharmacies in Adelaide). Specialty practice in Aged Care services and Medication Management Review programs. Member Pharmacy Guild of Australia. Currently a member of the SA Branch committee, a member of the Finance and Audit committee, and media spokesperson. Member, Australian College of Pharmacy. Associate Member of the Australian Association of Consultant Pharmacy. Experience in hospital pharmacy practice. Also, tutoring with UniSA in the Bachelor of Pharmacy course with final year students. Experience in practice based research activities with UniSA Pharmacy School in medication management programs.

Portfolio responsibility: Research and Development, NLIS implementation, Fibre Market Development.

Regional responsibility: South Australia, Western Australia (shared)

Mr Jeff Willis

Qualifications: Graduate Certificate – Management; Associate Diploma - Business Marketing; Certificate lighting Engineering; Cert IV Workplace Training and Assessment, Electrical Fitter/Mechanic

Experience: An Alpaca breeder since 2001, AAA Queensland Regional Committee for six years (two years as President), convener of two Queensland 'Focus' conferences; Apex Australia past club president; District Governor and life member; Surf Lifesaving, past chairman of Nippers, Club President and life member.

Portfolio responsibility: Membership Services and Training and Education, registry services, Fibre Market Development, Member Training Resources and Youth Advisory Reference Panel

Regional responsibility: South QLD / Northern NSW (shared), Queensland (shared)

Australian Alpaca Association Limited
ABN 30 067 146 481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

Mr Nick De Bruyn

Qualifications: TAFE Financial Accounting Certificate; Certified Shopping Centre Manager - Property Council of Aust; Registered Land Agent – Retired; Justice of the Peace – Adelaide Magistrates & District Courts, City of Tea Tree Gully roster and Company Director – Deville Investments Pty Ltd & Shandara Pty Ltd

Experience: 25 years in the commercial property development and management industry, 18 years with the Westfield Group. An alpaca breeder for four years, two years of which has been on the SA regional committee as well as the 2014 National Conference Committee. Active member of the Country Fire Service – Paracombe SA brigade

Portfolio responsibility: Export, Animal Exports and NLIS implementation

Regional responsibility: To be allocated

Mr Ian Braithwaite

Qualifications: MA (Marketing) Lancaster, Grad.Cert Higher Ed UNSW, Dip.App.Sci (Ag) HAC, Ass.Dip. Small Bus NRCAE

Experience: Five years on HBM Regional Committee – 2009 to 2014, an Alpaca Breeder since 1996. Employed at Charles Sturt University since 2003, previously University of Western Sydney 1992 to 2003, UNSW 1990 to 1992

Portfolio responsibility: Animal Health and Welfare, Animal Health Australia, EADRA, JD MAP, Q-Alpaca

Regional responsibility: To be allocated

Australian Alpaca Association Limited
ABN 30 067 146 481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

Meetings of Directors

During the financial year, fourteen (14) meetings of the directors were held.
Attendance by each director was as follows:

	Directors Meetings	
	No Eligible to Attend	No Attended
Mrs Michelle Malt (President)	14	14
Mrs Christine Cronshaw (Treasurer)	14	14
Ms Dinah Fisher	14	14
Mrs Esme Graham	14	14
Mr Mahlon Hotker	14	11
Mr Greg Scarlett (appointed 10 October 2013)	11	10
Mr Jeff Willis (appointed 10 October 2013)	11	10
Mr Nick De Bruyn (appointed 24 May 2014)	3	3
Mr Ian Braithwaite (appointed 24 June 2014)	2	2
Mr Trevor Parry (resigned 9 March 2014)	9	9
Ms Margaret Dorsch (resigned 24 April 2014)	10	9
Mrs Jenny Ford (resigned 2 September 2013)	2	2

Australian Alpaca Association Limited
ABN 30 067 146 481

SPECIAL PURPOSE FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2014

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 \$10 each towards any outstanding obligations of the Company, while they are a member or within one year of their membership ceasing. At 30 June 2014, the total amount that members of the company are liable to contribute if the Company is wound up is \$20,790 (2013 \$22,010).

Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 11 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors

President


.....
Mrs Michelle Malt

Treasurer


.....
Mrs Christine Cronshaw

Dated this TWENTY day of AUGUST 2014
FOURTH



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AUDITORS INDEPENDENCE DECLARATION TO THE BOARD OF THE AUSTRALIAN ALPACA ASSOCIATION LIMITED

In relation to our audit of the financial report of Australian Alpaca Association Limited for the financial year ended 30 June 2014 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Crowe Horwath Vic

CROWE HORWATH VIC

GORDON ROBERTSON

Partner

Date: *24th August 2014*

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

INCOME STATEMENT

	NOTE	2014 \$	2013 \$
REVENUE			
Members subscriptions and fees		313,013	332,515
Members animal registration & screening income		445,669	425,227
Events and Sponsorship	1	147,583	177,036
National conference	1	76,052	-
Sales of publications and advertising		50,225	45,869
Sales of merchandise		27,962	20,073
Interest received		37,102	48,820
Rent received		18,333	15,000
Other projects		-	6,838
Sundry Income		(310)	1,094
Net regional (expenditure)/surplus	2	(4,511)	24,625
TOTAL REVENUE		<u>1,111,118</u>	<u>1,097,097</u>
EXPENDITURE			
Audit Fees - audit/review the financial report		4,500	4,300
Bank Charges		6,773	5,185
Computer and website expenses		24,007	22,220
Consulting – data & computer systems	1	23,848	-
Consulting – marketing	1	10,000	-
Depreciation of property plant and equipment		20,582	(1,295)
Event expenses		147,458	147,442
Finance costs - interest paid regions		11,261	11,115
Industry promotion and marketing expenses		96,683	43,850
Insurances		17,361	18,068
Magazine and newsletter expenses		57,238	44,178
Merchandise		14,570	(716)
National Conference		113,474	-
Occupancy & property expenses		16,283	15,954
Printing, stationery and postage		19,261	25,603
Professional fees – accounting/audit/legal		20,867	13,300
Provisions - legal fees and other expenditures		-	-
Region contributions	2	46,716	48,183
Registration & membership expenses	1	85,198	106,227
Rental expenses on operating leases	16	2,804	17,548
Research and development costs	1	38,352	40,136
Salary, wages, and superannuation contributions		316,864	298,058
Showing and judging expenses		14,675	18,911
Special projects		35,618	39,148
Telephone and fax		16,132	15,632
Travel, accommodation and meeting expenses		78,173	47,236
Other expenses		634	101
TOTAL EXPENDITURE		<u>1,239,332</u>	<u>980,384</u>
NET (LOSS)/SURPLUS BEFORE INCOME TAX			
- NATIONAL OFFICE		(123,703)	92,088
- REGIONS		(4,511)	24,625
Income tax expense	1	-	-
NET (LOSS)/SURPLUS FOR THE YEAR		<u>(128,214)</u>	<u>116,713</u>
NET (LOSS)/SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>(128,214)</u>	<u>116,713</u>

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2014 \$	2013 \$
NET SURPLUS FOR THE YEAR		(128,214)	116,713
OTHER COMPREHENSIVE INCOME/(DEFICIT) AFTER INCOME TAX			
Net loss on revaluation of non-current assets	1&8	-	(114,552)
OTHER COMPREHENSIVE INCOME/(DEFICIT) FOR THE YEAR, NET OF TAX		<u>(128,214)</u>	<u>(114,552)</u>
TOTAL COMPREHENSIVE (DEFICIT)/INCOME FOR THE YEAR		<u>(128,214)</u>	<u>2,161</u>
TOTAL COMPREHENSIVE (DEFICIT)/INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>(128,214)</u>	<u>2,161</u>

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

STATEMENT OF FINANCIAL POSITION

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,072,953	1,272,285
Trade and other receivables	4	38,149	64,567
Other assets	5	28,372	25,639
Stock of merchandise and publications	6	34,591	21,285
TOTAL CURRENT ASSETS		1,174,065	1,383,776
NON-CURRENT ASSETS			
Financial assets	7	70,000	70,000
Property, plant and equipment	8	736,360	716,564
Intangible assets	9	17,193	34,386
TOTAL NON- CURRENT ASSETS		823,553	820,950
TOTAL ASSETS		1,997,618	2,204,726
CURRENT LIABILITIES			
Trade and other payables	10	69,553	81,538
Income in advance	11	65,011	94,852
Short term provisions	12	34,373	43,527
TOTAL CURRENT LIABILITIES		168,937	219,917
NON-CURRENT LIABILITIES			
Long term provisions	13	19,734	47,648
TOTAL NON-CURRENT LIABILITIES		19,734	47,648
TOTAL LIABILITIES		188,671	267,565
NET ASSETS		1,808,947	1,937,161
EQUITY			
Retained earnings		1,378,499	1,506,713
Revaluation asset reserve		210,448	210,448
General reserve		220,000	220,000
TOTAL EQUITY		1,808,947	1,937,161

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

STATEMENT OF CHANGES IN EQUITY

	Retained Earnings	Asset Revaluation Reserve	General Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2012	1,390,000	325,000	220,000	1,935,000
Comprehensive Income				
Surplus attributable to the entity	116,713	-	-	116,713
Other comprehensive income				
Devaluation	-	(114,552)	-	(114,552)
Total comprehensive Income	116,713	(114,552)	-	2,161
Balance at 30 June 2013	1,506,713	210,448	220,000	1,937,161
Comprehensive Income				
Surplus/(loss) attributable to the entity	(128,214)	-	-	(128,214)
Other comprehensive income				
Revaluation Increment/ Decrement)	-	-	-	-
Total comprehensive Income/(loss)	(128,214)	-	-	(128,214)
Balance at 30 June 2014	1,378,499	210,448	220,000	1,808,947

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

STATEMENT OF CASH FLOWS

	NOTE	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and tenants		1,356,274	1,263,449
Receipts from sales of publications and advertising		105,374	119,821
Receipts from sales of merchandise		43,835	47,155
Interest received		49,130	60,627
Payments to suppliers and employees		(1,692,828)	(1,396,947)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	19	(138,215)	94,105
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		(61,117)	(38,517)
Payment for intangible assets		-	(51,579)
NET CASH USED IN INVESTING ACTIVITIES		(61,117)	(90,096)
NET (DECREASE)/INCREASE IN CASH HELD		(199,332)	4,009
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,272,285	1,268,276
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	19	1,072,953	1,272,285

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Australian Alpaca Association Limited as an individual entity, incorporated and domiciled in Australia. Australian Alpaca Association Limited is a not-for-profit company.

Statement of Compliance

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to meet the needs of the members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

Basis of Preparation

The financial statement has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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.

Regional Funds on Deposit with Australian Alpaca Association Limited

All of the regions have cash funds on deposit with the Australian Alpaca Association Limited, via the cash management bank account and term deposits, containing pooled funds.

(c) Depreciation

Property, Plant and Equipment

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

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings. The last valuation was conducted on 27 June 2013

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are charged against fair value reserves directly in equity all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

National Office

Depreciation is provided on office furniture, fittings and equipment. Depreciation is calculated on a straight line basis so as to write off the cost of any computer equipment over a three year period and all other assets over a five year period, from the time the asset is held ready for use. Assets costing less than \$500 are expensed in full.

Building and Property Improvements

The land and building components of the property located at Unit 2, 613 Whitehorse Road, Mitcham have been split on the basis of the land valuation reflected on the current City of Whitehorse council rates notice.

Regions

Regional plant and equipment consists mainly of display equipment, pen panels, gates, etc, which due to their heavy usage are written off over a three year period using the straight line method of depreciation. Any asset purchases costing less than \$500 are written off as an expense in the year incurred.

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

Building	2.5%
Property Improvements	10%
Computer equipment	33.33%
Furniture, fittings and other equipment	20.00%
Regional plant and equipment	33.33%

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Income Statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying amount. Any excess of the assets carrying amount over its recoverable amount is expensed to the Income Statement.

(e) Financial Instruments Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

i. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

ii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

iv. Trade and other payables

Trade and other payables are non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employees are entitled to four weeks annual leave each year and a provision for annual leave (measured at its nominal amount owing at the end of the reporting period) has been recorded as a current liability in the financial statements, with the benefits being expected to be extinguished during the next financial year. The provision for annual leave includes a leave loading component.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

A provision for long service leave has been recorded in the financial statements for employees with greater than seven years' service.

No provision for personal leave has been recorded in the financial statements as although personal leave is cumulative, it is not paid out when an employee leaves the Company's employment.

(g) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimates at the current time of the amounts required to settle the obligation at reporting date.

(h) Intangibles

i Research and Development Expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred. The research and development expenditure for the 2014 financial year relates to monies paid to the Rural Industries Research and Development Corporation.

ii Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses

(i) Inventory of Merchandise and Publications

Inventory on hand consists mainly of ear tags, ear tag applicators, promotional material and reference material. Merchandise held for sale is measured at cost and adjusted to net realisable value when cost exceeds sales potential.

(j) Revenue

Revenue is recognised at the fair value of the consideration received.

Revenue from rendering service is recognised upon delivery of service to the members and/or customers.

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

Interest received is recognised using the effective interest rate method which, for floating rate financial assets, is the rate inherent in the instrument.

The AAA received funding from DAFF in 2008 to implement NLIS for Alpaca & Llama. The remaining grant funds are held at Animal Health Australia (AHA) with funds disbursed to contractors or other claimants working on the project.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(k) Membership Subscription Revenue/Advance Revenue

Membership subscription notices for the year ending 30 June 2014 were forwarded to members in June 2013. Amounts paid by members before 30 June 2014 have been included as a Current Liability – Advance Revenue, in the financial statements.

Income in advance relates to income received before balance date and has been recorded in the Statement of Financial Position as a liability. The income in advance includes member's subscriptions for the 2014/2015 financial year.

(l) Prepayment / Advance Revenue

Expenses prepaid in relation to events occurring after balance date have been recorded in the Statement of Financial Position. This reflects the National Show and Sale being held in October 2014. Expenditure in relation to these events has been recorded in the Balance sheet as a current asset.

(m) Good and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are inclusive of GST.

(n) Leased Assets

All leases that the Company has entered into are classified as operating leases, where substantially all the risks, benefits and ownership remain with the lessor of the assets. Lease payments are charged as expenses in the period in which they are incurred.

(o) Economic Dependence

The Company is dependent upon membership subscriptions and animal registration fees for the majority of its revenue. As at the date of this report, the Directors are aware that there are external factors (global financial situation) that will affect these sources of Company Income.

(p) Comparative Figures

Where required by Accounting Standards and where appropriate, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(q) Critical Accounting Estimates and Judgements

The Board of Directors evaluate estimates and judgements incorporated into the Financial Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(r) Key Estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key elements.

(s) Key Judgements – Provision for Impairment

The Directors have determined that no provision for Impairment in the Economic Entity in relation to the value of the direct investment in AAFL was required as at 30 June 2014 or as at 30 June 2013, following a review of the 30 June 2013 Audited Financial Statements of AAFL.

The Board of Directors note that they are unable to express an opinion on whether the AAFL book value equity represents a fair value at this time, prior to the provision of the 30 June 2014 Audited Financial Statements of AAFL.

(t) Adoption of New and Revised Accounting Standards

The company has adopted the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards impacted the recognition, measurement and disclosure of certain transactions. No material impacts occurred in the current financial year.

(u) Conferences, Events and Sponsorship Income

The National Show and Sale held in 2013 showed a break even position, however it should be recognised that bad debts of \$4,545 for 2011 and \$3,818 for 2012 shows were reflected in the 2013 account.

The Company held a National conference at the Adelaide convention centre during the financial year which produced a deficit of \$37,422.

(v) Consulting – Data & Computer systems

Simplify Solutions were engaged to undertake a comprehensive review of the information systems and prepare a strategic report for the Board on risks and prospective IT options.

(w) Consulting - Marketing

Syneka Marketing was engaged to conduct a membership survey and to develop a strategic marketing plan. The survey was completed, and results collated which will be released to members. The completed strategic marketing plan was considered and adopted by the Board and Council in May 2014 with elements incorporated into the strategic plan.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(x) Registration & membership expenses

Registration and membership expenses were significantly down from the 2013 financial year, following application of a \$19,000 credit offset against expenses incurred for member services associated with the ABRI data base.

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2 REGIONAL INCOME & EXPENDITURE	2014	2013
	\$	\$
REVENUE		
Association contributions to regions	47,569	50,575
Advertising/sponsorship	42,767	57,556
Auction income	9,732	2,620
Education and training	7,105	3,978
Interest received	12,028	11,807
Merchandise & asset sales	15,872	27,082
Newsletter income	12,382	16,396
Show/event income	268,546	246,954
Sundry & website	19,839	23,340
	<u>435,840</u>	<u>440,308</u>
EXPENDITURE		
Advertising/sponsorship/trophies	29,636	33,491
Auction expenses	1,859	1,110
Depreciation of assets	20,738	20,713
General administration expenses	11,516	14,052
Merchandise purchases	12,774	18,033
Newsletter expenses	28,120	17,986
Show/event expenses	299,087	274,985
Sundry & equipment expenses	31,334	21,245
Training/courses	5,287	14,068
	<u>440,351</u>	<u>415,683</u>
NET REGIONAL (DEFICIENCY)/SURPLUS	<u>(4,511)</u>	<u>24,625</u>
3 CASH AND CASH EQUIVALENTS		
Petty cash float and cash on hand	881	400
Cash at bank - operating account	42,720	64,906
Cash at bank - cash management account	19,713	67,303
Cash at bank - term deposit	622,380	730,000
Cash at bank - provision account	51,062	91,175
Cash at bank and on hand - region accounts	120,741	90,320
Cash at bank - region investment accounts	215,456	228,181
	<u>1,072,953</u>	<u>1,272,285</u>

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

4	TRADE AND OTHER CURRENT RECEIVABLES	2014	2013
		\$	\$
	CURRENT		
	Trade receivables - members	12,097	17,413
	Sundry debtors	-	6,364
	Sundry debtors - regions	5,014	26,319
	GST input tax credits	21,038	14,471
		<u>38,149</u>	<u>64,567</u>
5	OTHER ASSETS		
	Current		
	Prepayments - show & sale/events	9,673	1,538
	Prepayments - other	18,699	24,101
		<u>28,372</u>	<u>25,639</u>
6	STOCK OF MERCHANDISE AND PUBLICATIONS		
	Stock on hand - national office, Mitcham	30,776	17,982
	Stock on hand - regions	3,815	3,303
		<u>34,591</u>	<u>21,285</u>
7	FINANCIAL ASSETS		
	NON-CURRENT		
	Investment in unlisted corporation Australian Alpaca Fleece Limited	70,000	70,000
		<u>70,000</u>	<u>70,000</u>

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
8 PROPERTY, PLANT AND EQUIPMENT		
Freehold land	371,000	371,000
Building, including property improvements Unit 2, 613 Whitehorse Road, Mitcham at independent valuation	294,000	294,000
Less: Accumulated depreciation on building and property improvements	(7,350)	-
	<u>657,650</u>	<u>665,000</u>
Office furniture, fittings and other equipment - at cost	255,897	212,029
Less: accumulated depreciation	(208,867)	(195,634)
	<u>47,030</u>	<u>16,395</u>
Plant & equipment - regions - at cost	305,649	288,399
Less: Accumulated Depreciation	(273,969)	(253,230)
	<u>31,680</u>	<u>35,169</u>
Total property, plant and equipment	<u><u>736,360</u></u>	<u><u>716,564</u></u>
9 INTANGIBLE ASSETS		
Logo & brand expenditure	51,579	51,579
Less: Accumulated amortisation	(34,386)	(17,193)
Logo & branding expenditure	<u>17,193</u>	<u>34,386</u>
10 TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	14,277	18,755
Sundry creditors - members	6,365	9,222
Sundry creditors - regions	297	1,890
Accrued expenses	23,905	27,483
GST collected	24,709	24,188
	<u>69,553</u>	<u>81,538</u>
11 INCOME IN ADVANCE		
Advance revenue - members subscriptions	59,135	91,866
Advance revenue - other	5,876	2,986
	<u>65,011</u>	<u>94,852</u>
12 OTHER CURRENT PROVISIONS		
Provision for annual leave	14,373	23,527
Provision for legal fees	15,000	15,000
Provision for body corporate expenditure	5,000	5,000
	<u>34,373</u>	<u>43,527</u>

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
13 OTHER NON-CURRENT PROVISIONS		
Provision for long service leave	19,374	47,648
14 EMPLOYEE BENEFITS		
The aggregate employee benefits liability recognised and included in the financial statement is as follows:		
Provision for employee benefits		
Current (Note 12)	14,373	23,527
Non-current (Note 13)	19,734	47,648
	<u>34,107</u>	<u>71,175</u>
Number of employees at year end	5	5
15 CONTINGENT LIABILITIES		
No material contingent liabilities which have arisen since the end of the financial year, exist at the date of this report		
16 OPERATING LEASE COMMITMENTS		
(a) Rent of Photocopier		
Total minimum future lease payments payable:		
-not later than 1 year	2,772	2,772
-later than 1 year but not later than 5 years	2,310	5,082
	5,082	7,854
(b) Rent of Postage Meter		
Total minimum future lease payments payable:		
-not later than 1 year	3,747	3,747
-later than 1 year but not later than 5 years	8,429	12,176
	12,176	15,923
17 MEMBERS' GUARANTEE		
The company is incorporated under the Corporations Act 2001 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 \$10 each towards outstanding obligations of the company while they are a member or within one year of their membership ceasing. At 30 June 2014 the number of voting members was 2,079 (30 June 2013: 2,201).		

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
18 EVENTS SUBSEQUENT TO REPORTING DATE		
There have been no events subsequent to reporting date to the date of this report which materially affect the information disclosed		
19 CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Petty cash float	881	400
Cash at bank - operating account	42,720	64,906
Cash at bank - cash management account	19,713	67,303
Cash at bank - term deposit account	622,380	730,000
Cash at bank - provision account	51,062	91,175
Cash at bank and on hand - region accounts	120,741	90,320
Cash at bank - region investment accounts	215,456	228,181
	<u>1,072,953</u>	<u>1,272,285</u>
(b) Reconciliation of Cash Flow from Operation with Surplus after Income Tax		
Surplus/(Loss) after Income Tax	(128,214)	116,713
Non-cash flow items in Surplus		
Depreciation	41,321	19,418
Provision - legal fees and other expenditures	-	-
Provisions & employee benefits	(37,068)	(3,990)
Movements in Amortisation of intangible assets	17,193	17,193
Changes in assets and liabilities		
Decrease/(increase) in trade & other receivables	32,985	(35,370)
Decrease/(increase) in prepayments	(2,733)	(5,109)
Decrease/(increase) in inventories	(13,306)	(10,044)
Decrease/(increase) in trade & sundry creditors	(18,552)	(18,348)
Decrease/(increase) in advance revenue	(29,840)	13,642
Cash flows (used in) / provided by operating activities	<u>(138,215)</u>	<u>94,105</u>
(c) Credit Standby Arrangements with Banks		
Credit facility - overdraft	-	-
Credit card facility (MasterCard)	5,000	5,000
Amount utilised as at 30 June	1,927	522
Unused credit facility	<u>3,073</u>	<u>4,478</u>
20 ENTITY DETAILS		
The registered office of the company and the principal place of business is:		
Australian Alpaca Association Limited		
Unit 2, 613 Whitehorse Road		
Mitcham Vic 3132		

AUSTRALIAN ALPACA ASSOCIATION LIMITED
ABN 30 067 146 481
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

The directors declare that:


1. The financial statements set out on pages 12 to 29 present fairly the company's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

President


.....
Mrs Michelle Malt

Treasurer


.....
Mrs Christine Cronshaw

Dated this Twenty-Four day of August 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Australian Alpaca Association Limited

We have audited the accompanying financial report, being a special purpose financial report of Australian Alpaca Association Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility 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 a financial report that gives a true and fair view and 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 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Alpaca Association Limited, would be in the same terms if given to the directors as at the time of the auditor's report.



Basis for Qualified Opinion

Disclosed in Note 2 to the financial statements is income and expenditure pertaining to the regional branches of Australian Alpaca Association Limited. This is also shown in the Statement of Comprehensive Income as net regional expenditure. We were unable to obtain sufficient appropriate audit evidence regarding these balances. Consequently we were unable to determine whether any adjustments to these balances were deemed necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Australian Alpaca Association Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

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 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.

Crowe Horwath Vic

CROWE HORWATH VIC

A handwritten signature in black ink, appearing to read 'G. Robertson'.

GORDON ROBERTSON

Partner

Mulgrave

Date: 24th August 2014