

R. L. RODGERS & ASSOCIATES - CHARTERED ACCOUNTANTS

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED

ACN: 000 021 474

FINANCIAL STATEMENTS

30TH JUNE 2007

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NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED
ACN: 000 021 474

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Directors of New South Wales Polo Association (Kyeemagh) Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2007 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to audit.

R.L. RODGERS & ASSOCIATES
CHARTERED ACCOUNTANTS

.....

Richard L Rodgers

Dated this day of2007

Suite 408, Harley Place
251 Oxford Street
BONDI JUNCTION NSW 2022

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED

ACN: 000 021 474

DIRECTORS' DECLARATION

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

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporation Act 2001 and:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001: and
 - (b) give a true and fair view of the company's financial position as at 30th June 2007 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
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 Board of Directors.

.....

W.M Ashton

Director

Dated this.....day of.....2007

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED
ACN: 000 021 474

DIRECTOR'S REPORT

Your directors present their report on New South Wales Polo Association (Kyeemagh) Limited for the financial year ended 30th June 2007.

Directors

The names of directors in office at any time during or since the end of the year are:

| Directors | Years on Board |
|------------------------------|-----------------------|
| W.M Ashton | 9 |
| G. McGregor | 2 |
| M. Macfarlane | 9 |
| S. Ballas | 2 |
| T. Brennan (resigned Oct06) | 8 |
| J. Ashton | 27 |
| J. Curran | 10 |
| J.Gilmore | 3 |
| S. Hill | 27 |
| Duncan Macintyre | 10 |
| David Macintyre | 27 |
| David Marshall (voted Dec06) | 1 |
| I. McDuie | 14 |
| J. McIntosh | 2 |
| A. Meally | 3 |
| L. Reardon | 3 |
| M. Tolhurst | 10 |
| A. Williams | 2 |

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

Operating Results

The profit of the company for the financial year amounted to \$42,341.82.

Review of Operations

A review of the operations of the company during the financial year and the results of those operations found that during the year the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes In State of Affairs

There were no significant changes in the state of affairs of the company during the financial year.

Principal Activity

The principal activities of the company during the financial year were promoting, conducting and controlling the sport of polo in New South Wales.

After Balance Date Events

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

Likely Developments

Likely developments in the operations of the company and the expected results of those operations in the future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Meeting of Directors

| Director | Meetings Eligible to Attend | Meetings Attended |
|------------------------------|------------------------------------|--------------------------|
| W.M Ashton | 6 | 5 |
| G. McGregor | 6 | 5 |
| M. Macfarlane | 6 | 5 |
| S. Ballas | 6 | 6 |
| T. Brennan (resigned Oct06) | 1 | 1 |
| J. Ashton | 6 | 4 |
| J. Curran | 6 | 4 |
| J.Gilmore | 6 | 2 |
| S. Hill | 6 | 0 |
| Duncan Macintyre | 6 | 4 |
| David Macintyre | 6 | 0 |
| David Marshall (voted Dec06) | 4 | 4 |
| I. McDuire | 6 | 3 |
| J. McIntosh | 6 | 5 |
| A. Meally | 6 | 4 |
| L. Reardon | 6 | 6 |
| M. Tolhurst | 6 | 6 |
| A. Williams | 6 | 3 |

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the economic entity

No person has applied for leave of the court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of Corporations Act 2001 is attached.

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

.....

W.M Ashton

Director

Dated this day of 2007

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED

ACN: 000 021 474

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED**

Scope

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED, which comprises the balance sheet as at 30th June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form a part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used in reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporations Act 2001. We disclaim any assumptions of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence that 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 the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration included in the financial reports has not changed as at the date of providing our audit opinion.

Qualification

The comparative balances for the year ended 30th June 2006 was not audited by us. It has not been possible to obtain sufficient evidence regarding the comparatives. Accordingly, we are not in a position to and do not express an opinion on the comparatives shown in 2006.

Auditor's Opinion

In our opinion, except for the effects of the financial statements of the matter referred to in the qualification paragraph, the financial report of NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) 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 30th June 2007 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

R.L. RODGERS & ASSOCIATES
CHARTERED ACCOUNTANTS

.....

Richard L Rodgers

Suite 408, Harley Place
251 Oxford Street
BONDI JUNCTION NSW 2022

Dated this day of 2007

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED
ACN: 000 021 474

NOTES TO AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007.

NOTE 1: STATEMENT SIGNIFICANT OF ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LIMITED is a company incorporated and domiciled in Australia.

Basis of Preparation

The reports has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

| | |
|------------|---|
| AASB 101: | Presentation of Financial Statements |
| AASB 107: | Cash Flow Statements |
| AASB 108: | Accounting Policies, Changes in Accounting Estimates and Errors |
| AASB 110: | Events after Balance Sheet Date |
| AASB 117: | Leases |
| AASB 1031: | Materiality |
| AASB 1048: | Interpretation and Applicable of Standards |

No other applicable Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

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 is a summary of material accounting policies adopted by the company in preparation of the financial report. The accounting policies have been consistently applies unless otherwise stated.

(a) Income Tax

The company, having been established for the encouragement of animal showing and sport is exempt from income tax under the provisions of Section 50-45 of the Income tax Assesment Act 1997

(b) Inventories

Inventories are measured at the lower of cost and net relisable value.

(c) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation charged on a diminishing value basis. Perpetual trophies are included at Director's valuation.

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LTD

TRADING ACCOUNT FOR THE YEAR ENDED 30 June 2007

| | NOTE | YEAR \$ | 2006 \$ |
|-------------------------------|------|------------------|--------------|
| <u>TRADING ACCOUNT</u> | | | |
| Sales - Merchandise | | 4,085.43 | 2,056 |
| LESS COST OF SALES | | | |
| Opening Stock | | - | 220 |
| Purchases | | 24,349.50 | 755 |
| | | <u>24,349.50</u> | <u>975</u> |
| Closing Stock | | 21,102.90 | - |
| | | <u>3,246.60</u> | <u>975</u> |
| TOTAL TRADING PROFIT | | <u>838.83</u> | <u>1,081</u> |

Refer to Independent Auditor's Report.

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2007

| | NOTE | YEAR \$ | 2006 \$ |
|---|------|-------------------|----------------|
| <u>INCOME</u> | | | |
| Gross Profit Trading | 1 | 838.83 | 1,081 |
| Advertising Fees Received | | 3,863.66 | 4,318 |
| Affiliation Fees Received | | 97,616.35 | 93,517 |
| Freight Recovered | | 206.62 | - |
| Interest Received | | 6,421.87 | 4,262 |
| Memberships Received | | 3,550.00 | 2,700 |
| Player Fines | | - | 182 |
| Polo Functions | | - | 17,000 |
| RAS - Sponsorship | | 17,909.09 | - |
| Sponsorships | | 1,818.18 | 1,818 |
| Tournament fees | | 7,870.01 | 4,682 |
| Sundry Income | | 2,636.37 | 1,364 |
| TOTAL INCOME | | 142,730.98 | 130,924 |
| <u>EXPENSES</u> | | | |
| Administration Charges | | 26,363.66 | 22,901 |
| Affiliation Fees | | 10,250.00 | 10,100 |
| Auditors Remuneration - Fees | | 2,000.00 | 2,100 |
| Bank Charges | | 466.04 | 442 |
| Bookkeeping Fees | | 435.00 | - |
| Computer Expenses | | 1,266.32 | 1,101 |
| Depreciation | | 947.00 | 1,074 |
| Donations | | - | 650 |
| Filing Fees | | 40.00 | 40 |
| Freight & Cartage | | 787.66 | 125 |
| General Expenses | | 109.09 | 265 |
| Insurance | | 27,137.38 | 25,925 |
| Loss on Sale of Non Current Assets | | 89.02 | - |
| Meetings & Conferences | | 402.50 | 731 |
| Postage | | 1,970.35 | 1,367 |
| Printing & Stationery | | 3,274.30 | 3,277 |
| Repairs & Maintenance | | - | 24 |
| Staff Amenities | | 34.71 | - |
| Telephone | | 3,973.17 | 3,353 |
| Tournament Expenses - RAS | | 11,495.00 | 24,600 |
| Tournament Expenses-Dudley Cup | | 7,358.99 | 1,759 |
| Travelling Expenses | | 38.18 | - |
| Trophies | | 427.27 | 385 |
| Website Expenses | | 1,523.52 | 1,791 |
| TOTAL EXPENSES | | 100,389.16 | 102,010 |
| OPERATING PROFIT AND EXTRAORDINARY ITEMS | | 42,341.82 | 28,914 |

Refer to Independent Auditor's Report.

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 June 2007

| | NOTE | YEAR \$ | 2006 \$ |
|---|------|-------------------|----------------|
| Retained Profits | | <u>159,452.23</u> | <u>130,538</u> |
| PROFIT AVAILABLE FOR APPROPRIATION | | <u>201,794.05</u> | <u>159,452</u> |
| RETAINED PROFITS | | <u>201,794.05</u> | <u>159,452</u> |

Refer to Independent Auditor's Report.

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LTD

BALANCE SHEET AS AT 30 June 2007

| | NOTE | YEAR \$ | 2006 \$ |
|---------------------------------------|------|------------|------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash | | 161,955.05 | 173,214 |
| Inventories | | 21,102.90 | - |
| Receivables | 2 | 58,123.31 | 31,954 |
| GST on acquisitions | | 200.00 | - |
| | | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | | 241,381.26 | 205,168 |
| | | <hr/> | <hr/> |
| <u>NON-CURRENT ASSETS</u> | | | |
| Property Plant and Equipment | 3 | 32,695.12 | 31,368 |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT ASSETS | | 32,695.12 | 31,368 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS | | 274,076.38 | 236,536 |
| | | <hr/> | <hr/> |
| <u>CURRENT LIABILITIES</u> | | | |
| Accounts Payable | | 9,661.70 | 8,940 |
| GST on supplies | | 63.18 | - |
| Other | | 62,555.45 | 68,142 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | | 72,280.33 | 77,082 |
| | | <hr/> | <hr/> |
| <u>NON-CURRENT LIABILITIES</u> | | | |
| Borrowings | | 2.00 | 2 |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT LIABILITIES | | 2.00 | 2 |
| | | <hr/> | <hr/> |
| TOTAL LIABILITIES | | 72,282.33 | 77,084 |
| | | <hr/> | <hr/> |
| NET ASSETS | | 201,794.05 | 159,452 |
| | | <hr/> | <hr/> |
| <u>SHAREHOLDERS' EQUITY</u> | | | |
| Accumulated Profit | | 201,794.05 | 159,452 |
| | | <hr/> | <hr/> |
| TOTAL SHAREHOLDERS' EQUITY | | 201,794.05 | 159,452 |
| | | <hr/> | <hr/> |

Refer to Independent Auditor's

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LTD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2007

| | YEAR | 2006 |
|--|------------------|---------------|
| | \$ | \$ |
| NOTE 1 - Gross Profit Trading | | |
| Gross Profit Trading | <u>838.83</u> | <u>1,081</u> |
| NOTE 2 - Current | | |
| Trade Debtors | 50,279.01 | 13,333 |
| Prepayments | 7,844.30 | 18,621 |
| | <u>58,123.31</u> | <u>31,954</u> |
| NOTE 3 - PROPERTY PLANT AND EQUIPMENT | | |
| Office Equipment - at Cost | 6,615.03 | 5,667 |
| Less Prov'n for Depreciation | <u>4,118.00</u> | <u>4,603</u> |
| | 2,497.03 | 1,064 |
| Tournament Equipment @ Cost | 15,260.00 | 16,693 |
| Less Prov'n for Depreciation | <u>15,242.00</u> | <u>16,589</u> |
| | 18.00 | 104 |
| Video Equipment & Tapes @ Cost | 1,991.09 | 1,991 |
| Less Prov'n for Depreciation | <u>1,911.00</u> | <u>1,891</u> |
| | 80.09 | 100 |
| Perpetual Trophies @ Directors Valuation | <u>30,100.00</u> | <u>30,100</u> |
| | <u>32,695.12</u> | <u>31,368</u> |

NEW SOUTH WALES POLO ASSOCIATION (KYEEMAGH) LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 | 2006 |
|---|-----------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | \$ | \$ |
| Association receipts | 113,186.0 | |
| Payments to suppliers and employees | <128,504> | |
| Interest received | 6,422.0 | |
| Net cash provided by operating activities | <u><8,896></u> | 55,215 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant & equipment | <u><2,363></u> | <u>0</u> |
| Net cash used in investing activities | <2,363> | 0 |
| NET INCREASE (DECREASE) IN CASH HELD | <u><11,259></u> | <u>55,215</u> |
| Cash at beginning of the financial year | <u>173,214</u> | <u>117,999</u> |
| Cash held at 30 June 2007 | 161,955 | 173,214 |

RECONCILIATION OF CASH

| | | |
|----------------------------------|----------------|---------------|
| Cash | 44 | 335 |
| Bank Accounts - Business Cheque | 51,911 | 172,879 |
| Bank Accounts - Commercial Bills | 110,000 | |
| | <u>161,955</u> | <u>173214</u> |

RECONCILIATION OF OPERATING PROFIT TO NET CASH FROM OPERATING ACTIVITIES

| | | |
|---|----------------------|---------------|
| Operating Profit | 42,342 | 28,914 |
| Depreciation | 947 | 1,074 |
| Loss on sale of non current asset | 89 | |
| Changes in Assets and Liabilities | | |
| Decrease(Increase) in Debtors | <36,946> | 18,975 |
| Decrease(Increase) in Inventories | <21,103> | 220 |
| Decrease(Increase) in Other Assets | 10,577 | <82> |
| Increase(decrease) in Creditors | <1,478> | <369> |
| Increase(decrease) in Other Liabilities | <3,324> | 6,483 |
| Increase(decrease) in Provisions | <u><8,896></u> | <u>55,215</u> |