



# Annual Report

## Season 2015/2016



# Annual Report and Statement of Accounts

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## Season 2015/2016

### Committee

**President:** A.M. Boyle

**Vice-President:** J.A. Skinner

**Hon. Treasurer:** T.A. Berkahn

### Committee:

T.A. Berkahn

J.M. McLeod

C.A. Ryan

J.M. Clydesdale

V. Middeldorp

T.J. Skinner

**Secretary/Acting GM:** T.A. Berkahn

### Stewards:

B. Jackson  
D. West

S. Malcolmson

W. Strand

### Solicitors:

Wynyard Wood  
60 Highbrook Dr  
East Tamaki, Auckland

### Accountants:

Campbell Tyson Ltd  
1 Wesley Street  
Pukekohe, Auckland

### Auditors:

Staples Rodway  
Tower Centre, Level 9  
45 Queen Street, Auckland

## Notice of Meeting

Notice is hereby given that the 126th Annual General Meeting of Members of the Avondale Jockey Club will be held in the Stewards Lounge, Third Floor, Members' Stand, Avondale Race course on Thursday 27th October 2016 at 5:00pm.

### Business:

1. Confirmation of Minutes of Annual General Meeting held on Thursday 29th October 2015.
2. To receive the report of the Committee, Financial Statements and Auditor's Report for the year ended 31 July 2016.
3. To elect Office Bearers.  
The following nominations have been received for Office Bearers.  
President: (One seat) A.M. Boyle. Vice-President: (One seat) J.A. Skinner.  
Committee: (Seven seats) C.A. Ryan, T.A. Berkahn, J.M. Clydesdale.  
As the nominations do not exceed the number of vacancies for positions for the offices of president, vice president and committee an election will not be necessary.
4. General Business.

# PRESIDENT'S REPORT

It is my pleasure to present to you the Annual Report for the year ending 31 July 2016.

The club has enjoyed a successful season with a very good year-end surplus of \$375,363 after depreciation.

While the club's commercial operations are strong, on the racing front there is nothing inspiring to report. Our racing is almost entirely "Industry Day" which represents the lowest denominator in NZ thoroughbred racing. The one exception is the regular ANZAC Day meeting where the quality of racing is better, but the date is not good in terms of its returns. Racing on a public holiday means operational staffing costs go up by a factor of 2.5.

In the 2015/16 season we held 15 race meetings, representing a total of 123 races. That is an increase of 16 over 2015. The total number of starters at Avondale was 1339 for an average field size of 10.9 down a little on the previous season (11.6).

Nationwide the number of races run has declined in each of the past five seasons: Avondale bucked this trend in 2015/16 because of its relationship with the Counties Racing Club (see below). For 2016/17 AJC has approximately 90 races scheduled and the number of races run nationally is forecast to be 2,627 down from 2,790.

Even though AJC has no showcase event we do enjoy putting a spotlight on the two year old fillies, with the Fillies Classic traditionally the ANZAC Day feature. This year the Mullins Tyres Pearl Series Fillies Classic was won by Mystery Show (Sakhee's Secret). The filly was having her first start. She has won since and holds a nomination for the NZ 1000 Guineas.

In recent years Avondale has absorbed additional race day responsibilities within existing resources for other thoroughbred clubs. In 2015/16 we ran an extra two days - we hosted Counties Cup Day and the NZ Spinal Trust Day for Counties RC. I note on behalf of the Committee Avondale's gratitude to the Board of Counties RC for their vote of confidence that we can run Saturdays.

We ran five of six scheduled Trials days in 2015/16.

These deliverables shows our willingness to act for the good of northern region racing.



The result for on-course turnover at \$667,100 was disappointing. With a Premier date in the mix we expected more of an uplift over 2015's on-course figure (\$646,200). The result shows that AJC's dates, combined with the state of the venue and current class of Avondale racing, will inevitably produce annual turnovers in the mid \$600,000s. Indeed, the decade or so since 2005 has seen more than \$1.0 million per year drop off in betting on-course.

This year we made cost-conscious investments in new starting gates, a new shelter to house them and new birdcage tie-ups (total spend \$163,800). The club is looking at plastic rail installation. The Racing Integrity Unit has indicated to NZTR that AJC's track perimeter needs work. In response we have made an application to the Racing Safety Development Fund, seeking \$50,000 towards the cost of track security fencing. The project cost will be over \$100,000.

In the interim in keeping with the club's duty to eliminate or minimise safety risks so far as reasonably practicable, we have increased the number of security guards we use on race days and carried out ad hoc improvements and repairs around the boundaries. We are applying the NZTR guidelines restricting entry to the tie-up stalls area.

One of the aims in 2015/16 was to increase Avondale's management resource by recruiting a General Manager. In March we hired a GM whose appointment

was supposed to lead into a programme to up-skill or upgrade AJC's staffing, through better procedures, training, mentoring and supervision, or with new hires. However the programme failed following the sudden resignation of the GM in May 2016. Under trying circumstances without a GM the Committee focussed on progressing a series of objectives – some internal (for example managing tenancies and debtors, improving building security) and some external.

The Committee adopted Turnberry Consulting's report whereby the club will rejuvenate its racing facilities. However, pursuit of the Turnberry Blueprint was delayed for a number of reasons including the club contesting at a legal level part of the proposed Auckland Council Unitary Plan and due to delays with a subdivision consent for land near the Elm Street entrance.

In my view the financial and governance performances are at a very high standard in AJC, while our event management is not. Driving revenue from racing events (for instance sponsorships) is difficult when there is no investment in facilities relating to customer experience but even so, we do a poor job. Focus on improving the experience we offer to customers is something I am asking of the management despite the "low price low quality" trap the club is in.

This season - 2016/17 – we will devote more resources to branding, sponsorship, membership matters, course security and health & safety compliance. A key element in the business plan is infrastructure. We have to demolish outdated buildings and rationalise the surplus space as well as the way the AJC site is used.

I would like to record the Committee's thanks to all our race sponsors particularly the sponsors who supported 25 April 2016. They were: Mullins Tyres Ltd, Rosebank Business Association, Avondale Sunday Markets, Graeme Thomson Antique Jewellery, Gavelhouse.com and Precinct Realty.

There is a full list of 2015/16 sponsors on page 27.

I would like to acknowledge the contribution made

by Committee members over the reporting period. I would particularly reference the Treasurer whose willingness to act as part-time GM made a real difference while we recruited a new senior manager.

At this AGM Terry Skinner stands down after 14 years on the Committee. Terry's contribution to the Club has been significant. His passion for the thoroughbred code and his desire to see it succeed are a credit to him. On behalf of the club I wish Terry the best and thank him for his service. He is staying on as a steward.

To the staff and stewards, my thanks for your contributions on the racecourse throughout the year.

In November 2015 we contracted out the club's pre-race day services to the Auckland Racing Club. This replaces an in-house function and has proven very satisfactory for us: thanks to the ARC's Executive GM Racing & Operations, C Baker, for his work on behalf of Avondale.

Members who have passed away during the season were Messrs J E Henderson, D Moore (Life Member) and H V O'Rourke. Our sympathy to family and friends.

I look forward to welcoming you at the Annual General Meeting on Thursday 27 October. I do hope that as many of you as possible can attend the meeting to show your support for the club.

A M Boyle  
President

# TREASURER'S REPORT

for the 2015/16 Financial Year

I am pleased to present the financial statements for Avondale Jockey Club for the financial year ended 31 July 2016.

The format of this year's financial statements is a little different from the past. This is because early this year New Zealand Thoroughbred Racing decided to adopt the recently-promulgated International Public Sector Accounting Standards (IPSAS). In our case this change in reporting has required a change in our accountants. The accounts this year have been prepared by Campbell Tyson Limited of Pukekohe.

IPSAS has a three tier classification for not-for-profit reporting entities. Because of its annual expenditure level Avondale Jockey Club falls into Tier Two and the financial statements presented today conform to Tier Two in IPSAS – this is a reduced reporting regime based on Avondale being not publically accountable and not large for financial reporting purposes.

## Income

### *Racing Related Activities*

The surplus for the 2015/16 financial year from racing related activities was \$203,800 (race meetings

\$163,100; trials \$39,200 and training \$1,500).

This racing surplus was boosted markedly by Avondale's hosting of two Counties RC dates – Saturday 19 September and Counties Cup day on Saturday 21 November 2015. These Feature and Premier meetings attracted higher NZTR meeting payments and provided the club with 8.5% commission on on-course turnover.

## Rentals

The club's income from tenancies and licences was \$886,300 – consistent with the level of rental income last year. As members will recall our three principal tenants are the Avondale Sunday Markets, Auckland Council and Housie Community.

### *Significant Spending*

Operational spending in the 2015/16 year was predominantly made up of labour, occupancy related costs - such as rates and maintenance - and depreciation (which although not a cash expense is a conservative proxy for renewals expenditure on our buildings and facilities in the future). Expenditure in these areas was consistent with the last financial year.

## RACE ACTIVITIES

|                              | 15/16   | 14/15   | 13/14   | 12/13   |
|------------------------------|---------|---------|---------|---------|
| Number of Race Meetings      | 15      | 13      | 14      | 9       |
| Number of Races              | 123     | 107     | 117     | 70      |
| Average Starters per Race    | 10.9    | 11.6    | 9.9     | 10.1    |
| On-Course Turnover           | 667,100 | 646,200 | 662,600 | 384,600 |
| Race Meeting Surplus/ (Loss) | 163,100 | 58,700  | 73,700  | 35,100  |

### Balance Sheet

As at 31 July 2016 Closing Equity (Members' Funds in last year's reporting terminology) was \$4.626m – an increase of \$375,400 over the 2014/15 season – the highest surplus since 2011/12 when the Club recognised \$530,500 from The Trusts Community Foundation grant programme.

## CAPITAL EXPENDITURE PROGRAMME

We replaced the judicial tower positioned at the finish of the main straight and the funding for this new structure came from 50:50 grants from NZTR and the Racing Safety Development Fund. In the current

financial year we are aiming to demolish two other towers, both derelict - at the 400m point and the 800m chute.

Other capital expenditure in 2015/16 included the new Simtrack starting gates and a shelter, resurfacing the Ash Street car park and significant drainage improvements in the chute for the 1600m start.

### The 2016/17 Season

Operationally in 2016/17 we are committed to investing more resources into sponsorship related activities and growing our membership base.

T A Berkahn

## FINANCIALS AT A GLANCE

|                                     | 15/16     | 14/15     | 13/14     | 12/13     |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Surplus per Financials              | 375,360   | 31,300    | (117,700) | (133,600) |
| Depreciation                        | 175,700   | 173,200   | 173,800   | 169,100   |
| Less: Grants                        | 112,600   | 0         | 78,800    | 0         |
| Cash Surplus (excludes above items) | 438,460   | 204,500   | (22,700)  | 35,500    |
| \$ Improvement                      | 233,960   | 227,200   | (58,200)  | (69,100)  |
| % Increase                          | 114%      | 1,000%    | (164%)    | (66%)     |
| Gain /(Loss) on sales of Land       | 0         | 2,584,800 | 0         | 0         |
| Members Funds                       | 4,626,100 | 4,250,800 | 1,634,600 | 1,752,300 |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVONDALE JOCKEY CLUB INCORPORATED

## Report on the Financial Statements

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We have audited the accompanying financial statements of Avondale Jockey Club Incorporated (the 'Incorporated Society') on pages 4 to 24, which comprise the statement of financial position of the Incorporated Society as at 31 July 2016, the statement of comprehensive income, statement of changes in net assets and statement of cash flows of the Incorporated Society for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Incorporated Society's members, as a body, in accordance with the Incorporated Societies Act 1908. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Incorporated Society and the Incorporated Society's members, as a body, for our audit work, for this report or for the opinions we have formed,

### Committees' Responsibility for the Financial Statements

The Committee are responsible for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Incorporated Society's preparation and fair presentation of the financial statements 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 Incorporated Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Incorporated Society.

### Opinion

In our opinion, the financial statements on pages 4 to 24 present fairly, in all material respects, the financial position of the Incorporated Society as at 31 July 2016, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.



**STAPLES RODWAY AUCKLAND**  
AUCKLAND

17 October 2016

## Consolidated Statement of Comprehensive Revenue and Expense For the Year ended 31 July 2016

|   | Notes | 2016<br>\$       | 2015<br>\$       |
|---|-------|------------------|------------------|
| <b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>               |       |                  |                  |
| Grant revenue   |       | 112,600          | -                |
| Racing compliance fees                                      |       | 0                | -                |
| Race meeting subsidies                                      |       | 557,000          | 420,000          |
| <u>Total revenue from non-exchange transactions</u>         |       | <u>679,600</u>   | <u>420,000</u>   |
| <b>REVENUE FROM EXCHANGE TRANSACTIONS</b>                   |       |                  |                  |
| Race meeting revenues                                       | 13.1  | 1,635,353        | 1,027,142        |
| Rendering of services                                       | 13.2  | 988,689          | 997,099          |
| Other operating revenue                                     | 13.3  | 7,488            | 12,011           |
| Finance revenue   | 14    | 12,229           | 6,657            |
| <u>Total revenue form exchange transactions</u>             |       | <u>2,643,759</u> | <u>2,042,909</u> |
| <u>TOTAL REVENUE</u>  |       | <u>3,323,359</u> | <u>2,462,909</u> |
| <b>EXPENSES</b>   |       |                  |                  |
| Race meeting costs and expenses                             | 13.1  | 2,039,282        | 1,388,407        |
| Direct cost of services                                     | 13.2  | 128,240          | 131,387          |
| Other operating expenses                                    | 15    | 778,992          | 792,214          |
| Finance expense   | 14    | 1,482            | 119,558          |
| <u>Total expenses</u>                                       |       | <u>2,947,996</u> | <u>2,431,566</u> |
| <u>Net operating surplus/(deficit)</u>                      |       | <u>375,363</u>   | <u>31,343</u>    |
| <b>OTHER GAINS / (LOSSES)</b>                               |       |                  |                  |
| Gain/(loss) on sale of assets                               |       | -                | 2,584,825        |
| <u>Total other gains / (losses)</u>                         |       | <u>-</u>         | <u>2,584,825</u> |
| <u>TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR</u> |       | <u>375,363</u>   | <u>2,616,168</u> |

## Consolidated Statement of Changes in Net Assets

|                                    | Capital Reserve  | Accumulated<br>Comprehensive<br>Revenue and Expense | Total Equity     |
|------------------------------------|------------------|---|------------------|
| Opening Balance 1 August 2015      | 6,106,310        | (1,855,531)   | 4,250,779        |
| Surplus/(deficit) for the year     | -                | 375,363   | 375,363          |
| <u>Closing Equity 31 July 2016</u> | <u>6,106,310</u> | <u>(1,480,168)</u>                                  | <u>4,626,142</u> |
| Opening Balance 1 August 2014      | 3,521,485        | (1,886,873)   | 1,634,612        |
| Surplus/(deficit) for the year     | -                | 2,616,166   | 2,616,166        |
| Transfers                          | 2,584,825        | (2,584,825)   | -                |
| <u>Closing Equity 31 July 2015</u> | <u>6,106,310</u> | <u>(1,855,532)</u>                                  | <u>4,250,778</u> |

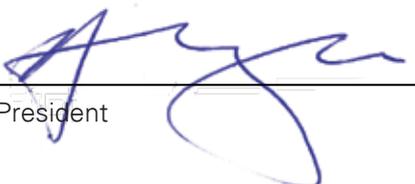
NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Financial Position

## For the Year ended 31 July 2016

|  | Notes | 2016<br>\$       | 2015<br>\$       |
|--|-------|------------------|------------------|
| <u>ASSETS</u>                                  |       |                  |                  |
| <u>Current assets</u>                          |       |                  |                  |
| Cash and cash equivalents                      | 16    | 579,129          | 540,807          |
| Receivables from exchange transactions         | 17    | 60,820           | 24,391           |
| Inventories                                    | 18    | 4,862            | 5,178            |
| Other current financial assets                 | 19    | 100,773          | -                |
| Other current assets                           | 20    | 117,772          | 89,178           |
| Prepayments                                    |       | 3,468            | 2,682            |
| <u>Total current assets</u>                    |       | <u>866,824</u>   | <u>662,236</u>   |
| <u>Non-current assets</u>                      |       |                  |                  |
| Other non-current assets                       | 20    | 56,573           | 501              |
| Property, plant and equipment                  | 21    | 3,949,594        | 3,854,448        |
| <u>Total non-current assets</u>                |       | <u>4,006,167</u> | <u>3,854,949</u> |
| <u>TOTAL ASSETS</u>                            |       | <u>4,872,991</u> | <u>4,517,185</u> |
| <u>LIABILITIES</u>                             |       |                  |                  |
| <u>Current liabilities</u>                     |       |                  |                  |
| Employee entitlements                          | 22    | 17,072           | 21,084           |
| Other current liabilities                      | 22    | 147,850          | 170,727          |
| Payables under exchange transactions           | 22    | 81,928           | 74,595           |
| <u>Total current liabilities</u>               |       | <u>246,850</u>   | <u>266,406</u>   |
| <u>TOTAL LIABILITIES</u>                       |       | <u>246,850</u>   | <u>266,406</u>   |
| <u>NET ASSETS</u>                              |       | <u>4,626,141</u> | <u>4,250,778</u> |
| <u>EQUITY</u>                                  |       |                  |                  |
| Accumulated comprehensive revenue and expenses |       | ((1,480,169)     | (1,855,532)      |
| Capital reserve                                |       | 6,106,310        | 6,106,310        |
| <u>TOTAL EQUITY</u>                            |       | <u>4,626,141</u> | <u>4,250,778</u> |

Signed for and on behalf of the Committee who authorised these financial statements for issue on 17 October 2016.

  
 \_\_\_\_\_  
 President

  
 \_\_\_\_\_  
 Treasurer

*NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.*

# Consolidated Cashflow Statement

## For the Year ended 31 July 2016

|   | Notes     | 2016<br>\$       | 2015<br>\$         |
|---|-----------|------------------|--------------------|
| <u>Cash flows from operating activities</u>               |           |                  |                    |
| <u>Receipts</u>   |           |                  |                    |
| Industry profit distribution                              |           | 1,523,478        | 972,855            |
| Other race meeting receipts                               |           | 52,405           | -                  |
| Donations, fundraising and other similar receipts         |           | 619,621          | 452,380            |
| Receipts from providing goods or services                 |           | 1,034,606        | 1,042,089          |
| <u>Total Receipts</u>                                     |           | <u>3,230,110</u> | <u>2,467,324</u>   |
| <u>Payments</u>   |           |                  |                    |
| Payments to suppliers and employees                       |           | 1,106,248        | 1,079,818          |
| NZRB charges  |           | 1,666,013        | 1,060,500          |
| <u>Total Payments</u>                                     |           | <u>2,772,261</u> | <u>2,140,318</u>   |
| <u>Net cash flows from operating activities</u>           |           | <u>457,849</u>   | <u>327,006</u>     |
| <br><u>Cash flows from investing activities</u>           |           |                  |                    |
| <u>Receipts</u>   |           |                  |                    |
| Disposal of property, plant and equipment                 |           | -                | 2,703,185          |
| <u>Total Receipts</u>                                     |           | -                | <u>2,703,185</u>   |
| <u>Payments</u>   |           |                  |                    |
| Investment into term deposits greater than three months   |           | 100,773          | -                  |
| Purchase of property, plant and equipment                 |           | 326,917          | 27,715             |
| <u>Total Payments</u>                                     |           | <u>427,690</u>   | <u>27,715</u>      |
| <u>Net cash flows from investing activities</u>           |           | <u>(427,690)</u> | <u>2,675,470</u>   |
| <br><u>Cash flows from financing activities</u>           |           |                  |                    |
| <u>Receipts</u>   |           |                  |                    |
| Interest and dividends received                           |           | 8,200            | 6,657              |
| <u>Total Receipts</u>                                     |           | <u>8,200</u>     | <u>6,657</u>       |
| <u>Payments</u>   |           |                  |                    |
| Loans and borrowings                                      |           | -                | 2,750,000          |
| Interest Paid   |           | 36               | 118,051            |
| <u>Total Payments</u>                                     |           | <u>36</u>        | <u>118,051</u>     |
| <u>Net cash flows from financing activities</u>           |           | <u>8,164</u>     | <u>(2,861,394)</u> |
| Net increase / (decrease in<br>cash and cash equivalents) |           | 38,323           | 141,082            |
| Cash and cash equivalents at 1 July                       |           | 540,806          | 399,724            |
| <u>Cash and cash equivalents at 30 July</u>               | <u>16</u> | <u>579,129</u>   | <u>540,806</u>     |

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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### STATEMENT OF ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION

##### Reporting entity

Avondale Jockey Club Incorporated ("the Club") is incorporated under the Incorporated Societies Act 1908. The primary objective of the Club is to promote, conduct and control thoroughbred racing and is registered with the New Zealand Thoroughbred Racing Code ("the Code") consistent with the Code's constitution. The Club is a recognised industry organisation in accordance with the Racing Act 2003.

The financial statements presented are for the Club for the year ended 31 July 2016 and were authorised for issue by the President on 17 October 2016.

##### Statement of compliance

The financial statements have been prepared in accordance with the Racing Act 2003, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

As the primary objective of the Club is not towards making financial returns but the promotion, conduct and control of thoroughbred racing, it has designated itself as a not-for-profit public benefit entity (PBE) for financial reporting purposes.

The Club has elected to report in accordance with the Tier 2 Racing PBE accounting standards on the basis that it is not publicly accountable and not considered large for financial reporting purposes.

The financial statements of the Club comply with the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 Racing not-for-profit entities and disclosure concessions have been applied.

##### Measurement basis

The financial statements have been prepared on a historical cost basis, with the exception of certain items for which specific accounting policies have been identified and are presented in New Zealand dollars which is also the Club's functional currency.

##### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$1).

##### Going concern

The financial statements have been prepared on a going concern basis.

##### Comparatives

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 31 July 2015 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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The net asset position and net surplus or deficit reported in comparatives is consistent with previously authorised financial statements.

### Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of annual financial statements prepared in the accordance with the PBE standards. The Club has previously reported in accordance with NZ IFRS (Differential Reporting framework).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to the requirements under the previous reporting standards as outlined in the following section. All changes in accounting policies (and retrospective adjustments resulting from these changes) have arisen purely due to initial application of PBE standards.

The Club has applied the guidelines under PBE FRS 46, First-time adoption of PBE standards by entities previously applying NZ IFRS in transitioning to the PBE standards. PBE FRS 46 requires retroactive application of the PBE standards with exceptions for prospective application in certain cases (see discussion below). This means that both opening balances and comparative figures are adjusted to reflect what the Club would have reported in previous years had it applied PBE standards for those years.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

### PBE IPSAS 1, Presentation of financial statements

#### Statement of Cash Flows

In the financial statements of the previous financial year, the Club has availed of the differential reporting concessions not to present a Statement of cash flows. Whilst the differential reporting concessions provide that a Statement of changes in net equity is not required as part of the financial statements, the Club voluntarily disclosed this information.

Under PBE IPSAS 1, the Statement of cash flows forms part of a full set of financial statements and is required to be presented on a comparative basis. Hence, the Club presented a statement of cash flows in the current year's financial statements including comparative information.

#### Receivable from non-exchange transactions

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

#### Taxes and payables from non-exchange transactions and Payables under exchange transactions

In the financial statements of the previous financial year, trade payables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires payables on taxes and transfers (including any deferred revenue from non-exchange transactions with attached conditions) and payables under exchange / trade transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative payables figures.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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The above changes represent minor presentation differences between PBE IPSAS 1 and the equivalent standard previously applied by the Club and did not require a change in the policy with respect to measurement and recognition requirements except as discussed in the following sections.

### PBE IPSAS 23, Revenue from non-exchange transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions which has no equivalent in the previous reporting framework. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. The recognition and measurement of revenues from non-exchange transactions differ compared to the recognition and measurement criteria for an exchange transaction which is broadly similar with the revenue recognition and measurement criteria under NZ IAS 18.

Under PBE IPSAS 23, revenue from non-exchange transaction is recognised as soon as the inflow of resources can be recognised as an asset in the financial statements, unless the inflow of resources meets the definition of and recognition criteria for a liability representing a present obligation for the receiving entity. A present obligation exists when there is a condition attached to the resources received that requires the entity to use the resources as specified by the transferor or return the same if the entity does not perform as specified.

The change involves identification of the nature of the transactions giving rise to revenues either as exchange or and non-exchange; the recognition and measurement criteria shall then be applied depending on the nature of the transaction. This assessment shall be applied both on the current year and for comparative information. As further discussed in note 2 below, the Club has identified certain types of revenues from non-exchange transactions and has presented the same separately in the financial statements as required by PBE IPSAS 1 and PBE IPSAS 23.

The Club has assessed, however, that the adoption of PBE IPSAS 23 did not result to any material re-measurement of any non-exchange revenues recognised in prior periods including any present obligation attached thereto. Hence, there have been no restatements of opening balances with respect to these items as required by the PBE Standards.

### PBE IPSAS 17, Property, plant and equipment

PBE IPSAS 17 requires depreciable assets measured using the cost model to be depreciated using the appropriate accounting depreciation rates based on the rational pattern of use of such assets. Under the differential reporting framework, the Club has the option to use tax depreciation rates for such assets as published and issued by the Inland Revenue Department. The impact of the change will be the allocation of the remaining net book value of the assets from the first date of adoption of the PBE standards should the accounting depreciation rates significantly differ with the tax depreciation rates.

PBE FRS 46 allows prospective application of the accounting depreciation rates and the Club has reviewed its depreciation policy and has assessed that the rates previously used either represent the useful life of the assets based on their reasonable pattern of use or are not significantly different with their accounting depreciation rates. On this basis, the Club has retained the depreciation rates used in the previous year and will perform regular reassessment of useful life as required by PBE IPSAS 17. Details of accounting depreciation rates used per class of asset are discussed in note 4 of the financial statements.

## 2. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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### 3. REVENUES AND DIRECT COSTS & EXPENSES

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Club and it can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenues are classified as to whether they arise from an exchange or non-exchange transactions. An exchange transaction is one in which the Club receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange and includes sale of goods, rendering of services and charges for the use of the Club's assets (e.g., interest and dividends). The Club recognises revenue from exchange transactions when the revenue recognition criteria mentioned above are satisfied.

A non-exchange transaction is any other transaction not classified as exchange. The Club's revenue recognition criteria are detailed in below.

#### REVENUE FROM EXCHANGE TRANSACTIONS

##### 3.1 RACE MEETING REVENUE AND EXPENSES

Race meeting revenues comprise the amounts received or receivable for services provided and goods sold that directly relate to race meeting events conducted by the Club during the financial year. These primarily include industry distributions from the New Zealand Racing Board (NZRB) and the Code and other receipts that directly relate to the Club's race meeting activities from members of the Club (aside from membership fees included in other operating income) and third parties in the form of grants and subsidies.

The Club incurred certain direct costs and expenses in conducting its race meeting days and recognises these as costs and expenses when incurred regardless of when the payment is made unless they qualify for recognition as asset. Direct costs and expenses on race meeting days are presented below, these include a portion of wages and salaries. Additional wages, salaries and depreciation expenses are included as part of other expenses in note 15.

##### 3.2 REVENUE FROM SALE OF GOODS AND COST OF SALES

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Club.

The direct costs and expenses included in this table relate to purchases of inventory items and other directly attributable costs on acquiring the inventories sold. Salaries and wages and depreciation relating to sale of goods are included under note 13.1.

##### 3.3 REVENUE FROM RENDERING OF SERVICES

The Club performed various services including course and venue rental to third parties. Revenue from rendering of services is recorded as revenue when the service is provided. Costs and expenses related to these revenues are included in note 13.2.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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### 3.4 OTHER OPERATING REVENUE

Membership Subscriptions, net raffle/fundraiser revenue and sundry.

### 3.5 INTEREST AND DIVIDEND INCOME

Interest revenue is recognised as it accrues, using the effective interest method.  
Dividend income is recognised when the dividend is declared.

### 3.6 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from a non-exchange transaction is recognised as soon as the inflow of resources can be recognised as an asset in the financial statements but only to the extent that no present obligation is recognised with respect to the asset received/receivable. A present obligation exists when there is a condition attached to the asset received that requires the Club to use the resources as specified by the transferor or return the same if the condition is not satisfied.

An asset acquired through a non-exchange transaction (e.g., cash, goods, inventory, or property, plant and equipment) is initially measured at its fair value as at the date of acquisition consistent with the fair value basis applicable for each type of asset received (note 16 for cash; note 18 for inventory; and note 21 for property, plant and equipment). Revenue from non-exchange transaction is measured on the basis of the value of the asset received less any present obligation attached as of the date of transfer.

Revenue from non-exchange transactions that the Club receives is detailed below.

|   |           |
|---|-----------|
| <b>Grant Revenue</b>                        |           |
| Grant for Judicial Tower and Starting Gates | \$112,600 |
| <b>NZTR</b>                                 |           |
| Compliance Costs                            | \$10,000  |
| Race Meeting Subsidies                      | \$557,000 |

## 4. FINANCIAL INSTRUMENTS

The Club's financial assets include its:

#### Cash and cash equivalents:

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

#### Short term investments:

Short term investments comprise term deposits which have a term greater than three months and therefore do not fall into the category of cash and cash equivalents.

#### Inventories:

Inventories held for consumption in the provision of services that are not sold on a commercial basis are measured at the lower of cost and net realisable value.

For inventory that was acquired through non-exchange transactions, the cost of the inventory is its fair value at the date of acquisition. For inventory held for distribution or consumption in providing goods and services to be distributed at no charge or for nominal charge, these are measured at cost adjusted for an loss of service potential.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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Financial assets also include various receivables, investments in debt securities, loans and advances, quoted and unquoted equity investments and derivative assets. The Club recognises financial assets when it becomes party to a contract. These assets may be classified into one of the four categories of financial assets depending of the Club's intention to hold them and the nature of the investments.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. The subsequent measurement and presentation of the financial assets will vary depending on their category.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

At each reporting date, the Club assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

The categories of financial assets are described below and the Club has not made any transfers between categories during the year (2015: nil):

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) the Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

### (a) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include debt and equity instruments which may either be held for trading or those designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by PBE IPSAS 29.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value presented as other losses (negative net changes in fair value) or other gains (positive net changes in fair value) in surplus or deficit except for fair value changes of an effective portion of cash flow hedge derivatives which is recognised in other comprehensive revenue and expense.

### (b) Loans and receivables

Loans and receivables are non-derivative debt instruments with fixed or determinable payments that are not quoted in an active market. These investments are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the effective interest rate.

The amortisation of any premium or discount is reported as part of finance income and cost while losses arising from impairment of the financial assets are reported as part of other losses (for loans) and in cost of sales or other operating expenses (for receivables).

This category includes all of the Club's loans and advances (including concessionary loans), receivables (trade and those arising from non-exchange transactions) and finance lease receivables.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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As at 31 July 2016, the Club has no loans. (2015: nil).

As at 31 July 2016, the Club has \$679,902 in receivables; in the form of cash and cash equivalents (2015: \$540,806).

### (c) Held to maturity investments

Non-derivative debt instruments with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Club has the positive intention and ability to hold them to maturity.

After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance income while the losses arising from impairment are recognised as part of other losses.

As at 31 July 2016, the Club has no investment categorised as held-to-maturity (2015: nil).

### (d) Available for sale financial assets

Available for sale (AFS) financial investments include equity and debt instruments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through surplus or deficit. Debt instruments in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive revenue and expense and accumulated in the AFS reserve until the asset is derecognised (cumulative gain/loss is closed to operating income) or impaired (cumulative loss is reclassified from AFS reserve to other losses in surplus or deficit).

Fair value is determined with reference to quoted price for those equity instruments listed in an active market. Investments in unlisted shares (other than investments in associates and joint ventures) are carried at cost as there is no reliable basis to measure their fair value; these investments are assessed for impairment by the Club at each reporting date. The Club has determined that the costs of these investments approximate their fair value as of reporting date and are not impaired.

Interest earned on AFS debt instruments is reported as interest income using the effective interest rate method and included in surplus or deficit.

As at 31 July 2016, the Club has no available for sale financial assets (2015: nil).

## 5. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued.

A revaluation surplus is recorded in other comprehensive revenue and expense and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same class of asset previously recognised in surplus or deficit, the increase is recognised in surplus or deficit.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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A revaluation deficit is recognised in the surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

Depreciation is charged on either a straight line or diminishing basis over the useful life of the asset, except for land. Land is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

|                      |  |
|----------------------|--|
| Buildings            | 2% Straight Line, 2% Diminishing Value.        |
| Furniture & Fittings | 10% Straight Line, 13 – 50% Diminishing Value. |
| Land                 | 0%.  |
| Land Improvements    | 0 – 10% Straight Line, 5% Diminishing Value.   |
| Motor Vehicles       | 14% Straight Line.                             |
| Plant & Equipment    | 10% Straight Line.                             |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

### 6. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Club does not hold any intangible assets that have an indefinite life.

### 7. LEASES

#### Operating Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

#### Finance Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Club. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or at the present value of the future minimum lease

# Notes to the Financial Statements

## For the Year ended 31 July 2016

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payments, whichever is lower. The Club also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in surplus or deficit. Contingent rents shall be charged as expenses in the period in which they are incurred.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Club will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### 8. EMPLOYEE ENTITLEMENTS

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date.

The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### 9. INCOME TAX

The Club is exempt from New Zealand income tax pursuant to section CW 47(2) of the Income Tax Act 2007.

### 10. GOODS AND SERVICE TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

### 11. EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

#### Capital Reserve

This reserve is for the capital gains and losses on Property, Plant and Equipment when sold.

#### Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Club's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

### 12. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Management has exercised the following critical judgements in applying accounting policies for the year ended 31 July 2016.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

The following expenses have been apportioned as direct service rendering costs:

80% of maintenance manager wages.  
60% of general manager wages.  
90% of accounts officer wages

### 13. REVENUE

Surplus before tax including the following specific income and expenses:

| 13.1 RACE MEETING REVENUES AND EXPENSES            | 2016             | 2015             |
|--|------------------|------------------|
|  | \$               | \$               |
| <u>Race meeting revenues</u>                       |                  |                  |
| Nominations and acceptances                        | 52,405           | -                |
| NZTR stakes funding                                | 1,441,000        | 863,000          |
| On-course turnover commissions                     | 82,478           | 109,855          |
| Race book sales                                    | 983              | 766              |
| Race function income                               | 5,866            | 21,14            |
| Sponsorship  | 52,621           | 32,380           |
| <u>Total race meeting revenues</u>                 | <u>1,635,353</u> | <u>1,027,142</u> |
| <u>Race meeting expenses</u>                       |                  |                  |
| Advertising and promotions                         | 2,289            | 449              |
| Direct race meeting operating costs                | 143,484          | 112,356          |
| NZRB charges                                       | 191,500          | 191,500          |
| Other race meeting costs                           | 52,527           | 34,309           |
| Salaries and wages (direct)                        | 140,763          | 137,970          |
| Stakes paid  | 1,508,719        | 911,823          |
| <u>Total race meeting expenses</u>                 | <u>2,039,282</u> | <u>1,388,407</u> |
| <u>Net race meeting surplus/(deficit)</u>          | <u>(403,929)</u> | <u>(361,265)</u> |
| Race meeting revenue as non-exchange               | 567,000          | 420,000          |
| <u>Overall net race meeting surplus/(deficit)</u>  | <u>163,071</u>   | <u>58,735</u>    |
| <br>   |                  |                  |
| 13.2 REVENUE FROM RENDERING OF SERVICES            | 2016             | 2015             |
|  | \$               | \$               |
| <u>Rendering of services</u>                       |                  |                  |
| Rental   | 886,325          | 897,200          |
| Training income                                    | 14,506           | 17,533           |
| Trials income                                      | 87,858           | 82,366           |
| <u>Total revenue from rendering of services</u>    | <u>988,689</u>   | <u>997,099</u>   |
| <u>Direct cost of services</u>                     |                  |                  |
| Training   | 12,960           | -                |
| Trials expenses                                    | 36,380           | 51,145           |
| Salaries and wages (service)                       | 78,900           | 80,242           |
| <u>Total direct cost of services</u>               | <u>128,240</u>   | <u>131,387</u>   |
| <u>Net rendering of services surplus/(deficit)</u> | <u>860,449</u>   | <u>865,712</u>   |

## Notes to the Financial Statements

### For the Year ended 31 July 2016

|   | 2016           | 2015           |
|---|----------------|----------------|
| <b>13.3 OTHER OPERATING REVENUE</b>                   | <b>\$</b>      | <b>\$</b>      |
| <u>Other operating revenue</u>                        |                |                |
| Function  | -              | 100            |
| Membership subscriptions                              | 7,240          | 6,454          |
| Net raffle/fundraising revenue                        | 248            | 441            |
| Sponsorship   | -              | 1,672          |
| Sundry income   | -              | 3,344          |
| <u>Total other operating revenue</u>                  | <u>7,488</u>   | <u>12,911</u>  |
| <br>  |                |                |
| <b>14. FINANCE INCOME AND COSTS</b>                   | <b>\$</b>      | <b>\$</b>      |
| <u>Finance revenue</u>                                |                |                |
| Dividends received                                    | -              | 335            |
| Interest received                                     | 12,229         | 6,322          |
| <u>Total finance revenue</u>                          | <u>12,229</u>  | <u>6,657</u>   |
| <br>  |                |                |
| <u>Finance cost</u>                                   |                |                |
| Bank charges  | 1,446          | 1,507          |
| Interest expense                                      | 36             | 118,051        |
| <u>Total finance cost</u>                             | <u>1,482</u>   | <u>119,558</u> |
| <br>  |                |                |
| <u>Net finance income and costs surplus/(deficit)</u> | <u>10,747</u>  | <u>112,901</u> |
| <br>  |                |                |
| <b>15. OTHER EXPENSES</b>                             | <b>\$</b>      | <b>\$</b>      |
| <u>Other expenses</u>                                 |                |                |
| ACC levies  | 2,487          | 4,525          |
| Administration expenses                               | 53,648         | 62,979         |
| Audit fees  | 10,501         | 11,538         |
| Contractor payments                                   | 11,535         | 43,620         |
| Depreciation  | 175,699        | 173,197        |
| Entertainment   | 1,050          | -              |
| Equipment hire  | 18,169         | 13,508         |
| Insurance   | 42,175         | 36,193         |
| Other expenses  | 12,318         | 253            |
| Penalties and fines                                   | 436            | -              |
| Professional and consulting fees                      | 36,855         | 30,787         |
| R&M – buildings                                       | 77,523         | 59,976         |
| R&M – equipment and vehicles                          | 17,924         | 21,181         |
| R&M – grounds   | 9,613          | 9,635          |
| R&M – track preparation                               | 28,780         | 55,953         |
| Rates   | 139,953        | 141,202        |
| Travel expenses                                       | 3,142          | 2,030          |
| Wages and salaries                                    | 137,184        | 125,637        |
| <u>Total other expenses</u>                           | <u>778,992</u> | <u>792,214</u> |

## Notes to the Financial Statements

### For the Year ended 31 July 2016

|     |   | 2016           | 2015           |
|-----|---|----------------|----------------|
| 16. | <b>CASH AND CASH EQUIVALENTS</b>                            | \$             | \$             |
|     | <u>Cash at bank</u>   |                |                |
|     | ASB Bank Limited – business saver account                   | 434,911        | 142,478        |
|     | ASB Bank Limited – cheque account                           | 41,506         | 161,233        |
|     | ASB Bank Limited – fast saver account                       | 2,500          | 2,515          |
|     | <u>Total cash at bank</u>                                   | <u>478,917</u> | <u>306,226</u> |
|     | <u>Cash on hand</u>   |                |                |
|     | Petty Cash  | 212            | 381            |
|     | <u>Total cash on hand</u>                                   | <u>212</u>     | <u>381</u>     |
|     | <u>Short-term deposits (less than 3 months to maturity)</u> |                |                |
|     | ASB Bank Limited – term investment 76 account               | -              | 100,000        |
|     | ASB Bank Limited – term investment 81 account               | 100,000        | 134,200        |
|     | <u>Total short-term deposits</u>                            | <u>100,000</u> | <u>234,200</u> |
|     | <u>Total cash and cash equivalents</u>                      | <u>579,129</u> | <u>540,807</u> |
| 17. | <b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>               | \$             | \$             |
|     | <u>Receivables from exchange transactions</u>               |                |                |
|     | Trade debtors   | 65,242         | 28,813         |
|     | Provision for doubtful debts                                | (4,422)        | (4,422)        |
|     | <u>Total receivables from exchange transactions</u>         | <u>60,820</u>  | <u>24,391</u>  |
| 18. | <b>INVENTORIES</b>  | \$             | \$             |
|     | <u>Inventories</u>  |                |                |
|     | Beverages   | 3,405          | 3,525          |
|     | Crockery and glassware                                      | 767            | 767            |
|     | Photo frames  | 690            | 886            |
|     | <u>Total Inventories</u>                                    | <u>4,862</u>   | <u>5,178</u>   |
| 19. | <b>OTHER CURRENT FINANCIAL ASSETS</b>                       | \$             | \$             |
|     | <u>Other current financial assets</u>                       |                |                |
|     | ASB Bank Limited – term investment 78 account               | 100,773        | -              |
|     | <u>Total other current financial assets</u>                 | <u>100,773</u> | <u>-</u>       |

## Notes to the Financial Statements

### For the Year ended 31 July 2016

| 20. | OTHER ASSETS                          | 2016           | 2015          |
|-----|---------------------------------------|----------------|---------------|
|     |                                       | \$             | \$            |
|     | <u>Other current assets</u>           |                |               |
|     | Goods and services tax                | 20,813         | -             |
|     | Income tax                            | 4,030          | -             |
|     | Accrued income                        | 92,929         | 89,178        |
|     | <u>Total other current assets</u>     | <u>117,772</u> | <u>89,178</u> |
|     | <u>Other non-current assets</u>       |                |               |
|     | Deposits with vendor                  | 501            | 501           |
|     | Capital work in progress              | 56,072         | -             |
|     | <u>Total other non-current assets</u> | <u>56,573</u>  | <u>501</u>    |
|     | <u>Total other assets</u>             | <u>174,345</u> | <u>89,679</u> |

## 21. PROPERTY, PLANT & EQUIPMENT

|                        | 2016              |                             |                   | 2015              |                             |                   |
|------------------------|-------------------|-----------------------------|-------------------|-------------------|-----------------------------|-------------------|
|                        | Cost              | Accumulated<br>Depreciation | Net Book<br>Value | Cost              | Accumulated<br>Depreciation | Net Book<br>Value |
| Buildings              | 5,751,826         | 3,940,466                   | 1,811,360         | 5,681,825         | 3,834,546                   | 1,847,279         |
| Furniture and fittings | 597,244           | 562,029                     | 35,215            | 579,370           | 556,726                     | 22,644            |
| Land and improvements  | 2,103,205         | 178,745                     | 1,924,460         | 2,045,352         | 136,425                     | 1,908,927         |
| Motor vehicles         | 191,833           | 171,776                     | 20,057            | 191,833           | 163,422                     | 28,411            |
| Plant and machinery    | 1,638,000         | 1,479,498                   | 158,502           | 1,512,883         | 1,465,696                   | 47,187            |
| <b>Total</b>           | <b>10,282,108</b> | <b>6,332,514</b>            | <b>3,949,594</b>  | <b>10,011,263</b> | <b>6,156,815</b>            | <b>3,854,448</b>  |

Reconciliation of the carrying amount at the beginning and end of the period:

| 2016                   | Opening<br>Balance | Additions      | Disposals | Depreciation   | Net Book<br>Value |
|------------------------|--------------------|----------------|-----------|----------------|-------------------|
| Buildings              | 1,847,279          | 70,000         | -         | 105,920        | 1,811,359         |
| Furniture and fittings | 22,644             | 17,874         | -         | 5,303          | 35,215            |
| Land and improvements  | 1,908,927          | 57,853         | -         | 42,320         | 1,924,460         |
| Motor vehicles         | 28,411             | -              | -         | 8,354          | 20,057            |
| Plant and machinery    | 47,187             | 125,117        | -         | 13,803         | 158,501           |
| <b>Total</b>           | <b>3,854,448</b>   | <b>270,844</b> | <b>-</b>  | <b>175,700</b> | <b>3,949,592</b>  |

## Notes to the Financial Statements

### For the Year ended 31 July 2016

|     |   |                |                |              |             |
|-----|---|----------------|----------------|--------------|-------------|
| 22. | <b>LIABILITIES</b>                                | 2016           | 2015           |              |             |
|     |   | \$             | \$             |              |             |
|     | <u>Employee entitlements</u>                      |                |                |              |             |
|     | Holiday pay                                       | 17,072         | 21,084         |              |             |
|     | <u>Total employee entitlements</u>                | <u>17,072</u>  | <u>21,084</u>  |              |             |
|     | <u>Other current liabilities</u>                  |                |                |              |             |
|     | Accruals  | 136,659        | 161,686        |              |             |
|     | Deposits collected                                | 3,000          | 2,500          |              |             |
|     | GST and PAYE                                      | 8,191          | 6,541          |              |             |
|     | <u>Total other current liabilities</u>            | <u>147,850</u> | <u>170,727</u> |              |             |
|     | <u>Payables under exchange transactions</u>       |                |                |              |             |
|     | ASB Bank Limited – visa                           | 1,315          | 1,824          |              |             |
|     | Trade creditors                                   | 80,612         | 72,771         |              |             |
|     | <u>Total payables under exchange transactions</u> | <u>81,927</u>  | <u>74,595</u>  |              |             |
|     | <u>Total liabilities</u>                          | <u>246,849</u> | <u>266,406</u> |              |             |
| 23. | <b>RELATED PARTY TRANSACTIONS</b>                 | 2016           | 2016           | 2015         | 2015        |
|     |   | Value of       | Amount         | Value of     | Amount      |
|     |   | Transaction    | Outstanding    | Transaction  | Outstanding |
|     | <u>Allan Boyle</u>                                |                |                |              |             |
|     | Stallion Tender                                   | (3,250)        | -              | -            | -           |
|     | <u>Total</u>                                      | <u>(3,250)</u> | -              | -            | -           |
|     | <u>Chris Ryan (Auckland 24HR Glass)</u>           |                |                |              |             |
|     | Glazing service                                   | 10,939         | -              | 6,978        | -           |
|     | <u>Total</u>                                      | <u>10,939</u>  | -              | <u>6,978</u> | -           |
|     | <u>Tracey Berkahn</u>                             |                |                |              |             |
|     | Wages   | 3,539          | -              | -            | -           |
|     | <u>Total</u>                                      | <u>3,539</u>   | -              | -            | -           |
|     | <u>Total related party transactions</u>           | <u>11,228</u>  | -              | <u>6,978</u> | -           |

Allan Boyle is a related party of the Club as Allan Boyle is the President of the Club.

Chris Ryan is a related party of the Club as Chris Ryan is on the Committee of the Club.

Tracey Berkahn is a related party of the Club as Tracy Berkahn is on the Committee of the Club.

#### Key management personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Committee and General Manager, which constitutes the governing body of the Club. No remuneration is paid to members of the Committee.

# Notes to the Financial Statements

## For the Year ended 31 July 2016

The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

|                    | 2016   | 2015   |
|--------------------|--------|--------|
|                    | \$     | \$     |
| Total Remuneration | 36,747 | 43,620 |
| Number of Persons  | 3      | 1      |

### Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$nil (2015: \$nil) was provided by the Club to employees who are close family members of key management personnel.

## 24. COMMITMENTS

The following minimum lease payments were recognised as an expense during the year ended 31 July 2016. There were no sublease payments or contingent rents recognised as an expense during the period. There are no clauses for contingent within the contracts for the Operating Leases the Trust is engaged in. There is no sublease component to the Operating Leases.

|                                      | 2016  | 2015  |
|--------------------------------------|-------|-------|
|                                      | \$    | \$    |
| <u>Operating lease expense</u>       |       |       |
| Fuji Xerox                           | 5,786 | 5,786 |
| <u>Total Operating lease expense</u> | 5,786 | 5,786 |

The Club leases property, plant and equipment in the normal course of its business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

|                   | < 1 Year | 1 - 5 Years | > 5 Years | Total  |
|-------------------|----------|-------------|-----------|--------|
| <u>Fuji Xerox</u> | 6,654    | 8,318       | -         | 14,972 |

|                   | Term (months) | Months expired | Months left | Monthly payment |
|-------------------|---------------|----------------|-------------|-----------------|
| <u>Fuji Xerox</u> | 60            | 33             | 27          | 554.50          |

|                   | < 1 Year | 1 - 5 Years | > 5 Years | Total  |
|-------------------|----------|-------------|-----------|--------|
| <u>Fuji Xerox</u> | 6,654    | 14,972      | -         | 21,626 |

# Notes to the Financial Statements

## For the Year ended 31 July 2016

### 25. FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | \$             | \$             |
| <u>Financial assets</u>                 |                |                |
| Cash and cash equivalents               | 579,129        | 540,807        |
| Investments                             | 100,773        | -              |
| Receivables from exchanges transactions | 60,820         | 24,391         |
| <u>Total</u>                            | <u>740,722</u> | <u>565,198</u> |
| <u>Financial liabilities</u>            |                |                |
| Payables under exchange transactions    | 81,927         | 74,595         |
| <u>Total</u>                            | <u>81,927</u>  | <u>74,595</u>  |
| <u>Total financial instruments</u>      | <u>81,927</u>  | <u>74,595</u>  |

### 26. CAPITAL COMMITMENTS

There were no capital commitments at the reporting date. (2015: \$Nil).

### 27. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at balance date. (2015: \$Nil).

### 28. EVENTS AFTER THE REPORTING DATE

The Committee and management is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Club.

# List of Sponsors 2015/2016 Season

Auckland 24 Hour Glass  
Avondale Appliance Centre  
Avondale Business Association  
Avondale Sunday Markets  
Battersby Funeral Services  
Friends of Football  
Gavelhouse.com  
GCS Logistics Limited  
Goodwin Property Management  
Graeme Thomson Antique Jewellery  
IRT  
Mullins Tyres Limited

Nankang Tyres  
NZ All Golds Cosmopolitan Club  
NZB Insurance Pearl Series  
Precinct Realty  
Regal Fern Lodge  
Ritchies Coachlines  
Rosebank Business Association  
Simtrack Industries  
Videon DVD Library  
West Brook Winery  
Westbury Stud - Swiss Ace tender



# AVONDALE JOCKEY CLUB INCORPORATED

2-48 Ash Street, Avondale  
Auckland  
New Zealand

