

# WAIRIO JOCKEY CLUB INCORPORATED

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*Performance Report for the year ended 30  
June 2019*



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**Entity Information**  
**"Who are we?", "Why do we exist?"**  
**For the year ended 30 June 2019**

<b>Legal name</b>	<b>Wairio Jockey Club Incorporated</b>
<b>Type of entity for financial reporting</b>	<b>Not-for-profit public benefit entity</b>
<b>Legal basis</b>	<b>Incorporated Societies Act 1908</b>
<b>Type and legal structure</b>	<b>Incorporated Society</b>
<b>Governance structure</b>	<b>Committee comprising President, two Vice-Presidents, Treasurer and 7 other Committee members</b>

#### **Entity structure**

The Club is primarily engaged in a service activity with focus on conducting and promoting race meetings consistent with existing racing rules and regulations.

The Club's leadership and management team - along with a good number of volunteer members and staff - are involved in ensuring that race meetings are conducted as planned and to a level expected by participants, members and regulators alike.

#### **Purpose / Mission Statement**

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.

#### **Main sources of cash and resources**

The Club's mainline revenue is industry funding from the Code which is used to defray the costs and expenses on the Club's race meetings.

The Club is also engaged in sale of goods and services to members and the public from which revenues are generated to augment its operational requirements. Goods sold include various race-related items and bar sales.

Revenue generated from investments and use of Club's assets includes interest, dividends and other fees.

#### **Main methods used to raise funds**

The terms and amount of industry funding revenue are agreed by the Code and the Club at the beginning of each racing year based on planned race-meeting events and activities.

In addition, proceeds from sale of goods and services (including charges for use of the Club's assets) are based on agreed price determined with reference to current market prices for such goods and services.

The Club also receives grants, subsidies and donations from various sources including Club members, individual and corporate sponsors and industry organisations (NZRB and the Code and other clubs). In particular, the Club receives from the NZRB gaming subsidies with respect to the Club's Class 4 gaming activities.

Of particular note, the Club receives services in kind which are considered vital in its race-meeting events; and although these are highly appreciated, these are difficult to value and therefore are not included in this Performance Report.

#### **Entity's Reliance on Volunteers and Donated Goods or Services:**

As discussed above, the Club is a recipient / beneficiary of various goods and services in kind. These proceeds are vital in the Club's race meeting events.

Services in kind come in the form of volunteers both during race meeting events and off-season. Volunteers (mostly members of the Club) are involved in the set-up of race meeting events, various activities during the event to ensure orderly conduct of the race, and in the day-to-day upkeep and maintenance of the Club's premises.

Without these donated goods and services, the Club would have required more funds to defray costs and expenses which would have potentially made the conduct of race meeting events even more challenging. On this basis, the Club highly values these donated goods and services and considers them a vital part of its operations.

**Additional information:**

The Club is incorporated under the Incorporated Societies Act 1908 and is a recognised industry organisation in accordance with the Racing Act 2003.

As the Club is primarily involved in the conduct and promotion of race meetings - rather than the generation of profit - it is considered a not-for-profit entity for financial reporting purposes. Nonetheless, any profit generated provides the Club with more resources that make future operations more sustainable; these resources are held as cash reserves and available for use by the Club as the need arises.

The Club is party to various agreements with other racing clubs with respect to operation of assets (race tracks) that are jointly owned and operated by member Clubs. These arrangements, however, do not create a separate legal entity that the Club controls; the extent of the operation recognised by the Club is limited to its share of the assets and its own costs spent on the use and maintenance of the assets.

**Contact details:**

Physical Address: 117 Racecourse Road, Glengarry, Invercargill 9810

Postal Address: PO Box 893, Invercargill 9840

**Statement of Service Performance**  
**"What did we do?" and "When did we do it?"**  
**For the year ended 30 June 2019**

**Description of the Entity's Outcomes**

The Club is primarily engaged in the conduct and promotion of thoroughbred racing in the Invercargill area. Race meeting is held once a year during May at the racecourses in the Southland region.

To ensure that the Club meets its goals, prize money has to be built-up from various sources that consequently enable a more attractive race participation.

The Club's management has also been actively working with the Code and the NZRB to ensure that industry funding remain a steady source of operational funding for race meetings.

**Description and Quantification (to the extent practicable) of the Entity's Outputs**

	<b>This year's season</b>	<b>Last year's season</b>
Race Meetings	1	1
Races	10	9
Total Stakes	\$132,000	\$122,000

**Additional Information**

The Wairio Jockey Club meeting was held at Ascot Park on 12 May 2019.

**Statement of Financial Performance**  
**"How was it funded?" and "What did it cost?"**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
Race meeting revenues	1.1	169,420	161,175
Other operating income	1.2	10,280	10,433
Finance revenue	3.1	558	476
<b>Total revenue</b>		<b>180,258</b>	<b>172,084</b>
Race meeting costs and expenses	1.1	174,026	163,960
Other operating expenses	2	1,500	3,085
<b>Total expenses</b>		<b>175,526</b>	<b>167,045</b>
<b>Net surplus for the year</b>		<b>4,732</b>	<b>5,039</b>

The above statement of financial performance should be read in conjunction with the accompanying notes.

**Statement of Financial Position**  
**"What the Club owns?" and "What the Club owes?"**  
**As at 30 June 2019**

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	68,683	76,312
Receivables	5	7,993	6,779
Investments	6	7,590	7,590
<b>Total Current Assets</b>		<b>84,266</b>	<b>90,681</b>
<b>Non-Current Assets</b>			
Investments	6	3,334	3,334
<b>Total Non-Current Assets</b>		<b>3,334</b>	<b>3,334</b>
<b>Total Assets</b>		<b>87,600</b>	<b>94,015</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	2,041	13,188
<b>Total Current Liabilities</b>		<b>2,041</b>	<b>13,188</b>
<b>Total Liabilities</b>		<b>2,041</b>	<b>13,188</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>85,559</b>	<b>80,827</b>
<b>Equity</b>			
Accumulated surpluses	8	85,559	80,827
<b>Total Equity</b>		<b>85,559</b>	<b>80,827</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Committee,

..... President

.....2019

**Statement of Cash Flows**  
**"How the Club has received and used cash"**  
**For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
<b>Cash was received from:</b>			
Industry profit distribution and other race meeting receipts		169,420	162,038
Donations, fundraising and other similar receipts		10,000	10,000
Fees, subscriptions and other receipts from members		280	433
Net GST received		-	3,622
<b>Cash was applied to:</b>			
Payments to suppliers and employees		(171,673)	(189,824)
NZRB charges		(13,500)	(13,500)
Net GST paid		(2,714)	-
<b>Net Cash Flows (to) Operating Activities</b>		<b>(8,187)</b>	<b>(27,231)</b>
<b>Cash flows from Investing and Financing Activities</b>			
<b>Cash was received from:</b>			
Interest, dividends and other investment receipts		558	476
<b>Net Cash Flows from Investing and Financing Activities</b>		<b>558</b>	<b>476</b>
<b>Net (Decrease) in Cash</b>		<b>(7,629)</b>	<b>(26,755)</b>
<b>Opening Cash</b>		<b>76,312</b>	<b>103,067</b>
<b>Closing Cash</b>		<b>68,683</b>	<b>76,312</b>
<b>This is represented by:</b>			
Bank accounts, deposits and cash	4	<b>68,683</b>	<b>76,312</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Statement of Accounting Policies**  
*"How did we do our accounting?"*  
**For the year ended 30 June 2019**

**BASIS OF PREPARATION**

**Reporting entity**

Wairio Jockey Club Incorporated (henceforth, "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.

**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 apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the Society will continue to operate in the foreseeable future.

Where a specific transaction is not covered by PBE SFR-A (NFP) – Accrual (PBE accrual standard), the Club applied guidelines under Tier 2 PBE Accounting Standards (Reduced Disclosure Regime).

**Measurement basis**

The Performance Report is presented in New Zealand dollars.

**Goods and Services Tax (GST)**

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

**Income tax**

The Club is exempt from income tax in accordance with the provisions of Section CW 47 (2) of the Income Tax Act 2007.

**Investments**

Investments are recorded at cost less impairment losses.

**SIGNIFICANT ACCOUNTING POLICIES**

The Club's significant accounting policies are discussed in the following notes to the financial statements. The accounting policies adopted are consistent with PBE accrual standard appropriate for not-for-profit entities as issued by the *External Reporting Board*.

**Changes in accounting policies**

There have been no significant changes in the accounting policies adopted since the previous year except for instances when the accounting or reporting requirements of a PBE accrual standard (*Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit)*) are different to the requirements under the previous reporting standards. If there are any changes, these are discussed in the affected notes to the financial statements.

All changes in accounting policies have arisen purely due to initial application of PBE accrual standard. Changes are applied prospectively unless otherwise indicated.

**Impact of adopting PBE – Simple Format Reporting (Accrual)**

There have been no significant changes made as a result of adopting PBE – Simple Format Reporting (Accrual) standard compared to the Club's accounting policies in the prior years.

On this basis the Club has not restated opening balances and comparative statements where a significant change is noted, these are discussed in the appropriate notes for the accounts affected.

The following items relate to those areas which the Club expects to have a significant change in the accounting policies applied in the previous years:

● Revenue arising from non-exchange transactions

The Club recognises revenue and asset arising from non-exchange transactions (e.g., a grant, donation or subsidy) when it obtains control over the asset received.

Under the PBE standard (accrual), however, if revenue is received from non-exchange transaction, the reporting entity should assess whether the asset received contains a stipulation to return the same to the transferor if the identified use has not been satisfied. These stipulations are called “conditions”. In this instance, the entity initially recognises a liability until the condition is satisfied.

The Club has no significant assets received from prior years with attached unfulfilled conditions; hence, affected items have not been restated.

**Notes to the Performance Report**  
**For the year ended 30 June 2019**

**1. REVENUES AND DIRECT COSTS AND EXPENSES**

Revenue is recognised when there is legal right to receive cash either in the current period or in the future. 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.

Revenue from sale of goods are recognised when the inventories are sold while revenue from sale of services are recognised as revenue by reference to the stage of completion of the service at balance date, based on the actual service provided as a percentage of the total service to be provided.

Revenue arising from grants, donations, subsidies and items of similar nature (collectively, revenues from non-exchange transactions) are recognised as revenue upon receipt of the asset unless a condition ("use or return" the asset received) is attached; in which case, a liability is initially recognised and upon satisfaction of the condition, the liability is reduced and revenue is recorded.

The Club also receives services-in-kind from various volunteers and members in conducting race meeting events. Although these are highly valued by the Club, these are difficult to measure and hence, not included in the Performance Report. Goods received in kind are recorded as assets when they are received.

**1.1 Race meeting revenue and expenses**

	<b>2019</b>	<b>2018</b>
	\$	\$
Industry profit distribution		
NZTR Bulk Funding	112,000	112,000
NZTR Meeting Payment	15,000	15,000
Country Club Funding	10,000	10,000
Racing Compliance	5,000	5,000
Venue	10,000	10,000
On-course totalisator income	2,260	2,457
Race meeting sponsorships	7,510	5,944
Bar income	270	774
Sundry income	7,380	-
<b>Total race meeting revenues</b>	<b>169,420</b>	<b>161,175</b>
Stakes	132,000	122,000
NZRB & NZTR charges	13,500	13,500
Course venue charges	7,000	7,000
Advertising and promotions	-	598
Direct race meeting operating costs	2,013	1,650
Bar and function expenses	2,065	2,388
Management/Secretarial fees	9,000	9,000
Hospitality and entertainment	500	414
Salaries and wages (direct)	6,448	6,620
Race book printing costs	1,500	790
<b>Total race meeting costs &amp; expenses</b>	<b>174,026</b>	<b>163,960</b>
<b>Net race meeting (deficit)</b>	<b>(4,606)</b>	<b>(2,785)</b>

**1.2 Other operating income**

	<b>2019</b>	<b>2018</b>
	\$	\$
Grants and subsidies - NZTR	10,000	10,000
Members subscriptions and other fees	280	433
Sundry income	-	-
<b>Total other operating revenue</b>	<b>10,280</b>	<b>10,433</b>

Grants, subsidies and donated assets are mostly cash and cash equivalents received from grantors; these are recorded as revenue upon receipt unless a condition exists on the transfer which require the Club to return the asset received if the stipulation is not satisfied. In which case, the Club recognises the asset received initially as a liability and recognises revenue when the condition is satisfied.

There are no significant non-cash donated assets received during the year (2018: nil). Moreover, the Club has no unrecorded significant donated goods and assets for the year (2018: nil).

## 2. OTHER OPERATING EXPENSES

Expenses are recognised when there is legal obligation to pay cash either in the current period or in the future. This is the point where the expense is incurred by the Club.

	2019 \$	2018 \$
Administration expenses	-	85
Audit fees – current year	1,500	1,500
- prior year	-	1,500
<b>Total other operating expenses</b>	<b>1,500</b>	<b>3,085</b>

## 3. FINANCE INCOME AND COSTS

### 3.1 Finance revenue

	2019 \$	2018 \$
Interest from bank and term deposits	381	373
Dividend revenue	177	103
<b>Total finance revenue</b>	<b>558</b>	<b>476</b>

## 4. CASH AND CASH EQUIVALENTS

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

	2019 \$	2018 \$
SBS Bank - Call Account	68,683	76,312
<b>Total cash and cash equivalents</b>	<b>68,683</b>	<b>76,312</b>

## 5. RECEIVABLES

Receivables are recognised by the Club once it has the legal right to collect the cash in the future. Receivables are initially recorded at the amount owed and adjusted for impairment when there is likelihood that the amount (or some portion of it) will not be collected. The Club's receivables are normally collectible within 30 days.

	2019 \$	2018 \$
Trade receivables	-	-
GST receivable	7,993	6,779
<b>Total net realisable value of receivables</b>	<b>7,993</b>	<b>6,779</b>

## 6. INVESTMENTS

Investments are recognised upon purchase and initially measured at the amount paid. The Club's investments include investment in shares / equity in other entities and other debt instruments.

These are tested for impairment annually and when there is any indication of impairment (i.e., when the current market price falls below the acquisition cost) the value is adjusted to its current market price but only if it appears that the carrying amount of the investment will not be recovered. Any impairment is recognised in the statement of financial performance.

	2019 \$	2018 \$
Setup Advance - Gallop South	3,334	3,334
Investments in equity securities – OceanaGold Corporation	7,590	7,590
<b>Total investments</b>	<b>10,924</b>	<b>10,924</b>

Current financial assets	7,590	7,590
Non-current financial assets	3,334	3,334
<b>Total investments</b>	<b>10,924</b>	<b>10,924</b>

#### Setup Advance to Gallop South

Setup advance is an interest-free advance made towards the working capital of Gallop South Incorporated (concessionary loan). Gallop South Incorporated administers and accounts for race day activities of the Club including payment and receipt of accounts. This advance was made to enable Gallop South to perform this work effectively.

#### Investment in equity securities

The Club holds equity interest in OceanaGold Corporation which the Club holds for trading or strategic purposes. Any dividends earned from this investment are included as revenue in the Statement of Financial Performance.

### 7. TRADE AND OTHER PAYABLES

Payables represent amounts owing by the Club to suppliers for goods or services received. These are classified as current if they are due to be settled within the next 12 months from the reporting date. These are recorded at the amount owing and are normally non-interest bearing.

The Club receives various donations, grants, subsidies or similar receipts from various entities as part of its normal operations. Some of these receipts include conditions that require the Club to use the asset in performing or completing certain activities or projects or return the asset received to the grantor if the conditions are not met ("use or return clause"). In these instances, the Club initially recognises the amount received as liability and included Trade and other payables as "Deferred revenue from transfers with condition" until the conditions are satisfied. At such point, the amount of liability is reduced and revenue is recognised.

	2019	2018
	\$	\$
Accounts payable and accruals	2,041	13,188
<b>Total taxes and non-exchange payables</b>	<b>2,041</b>	<b>13,188</b>

The Club has no significant grants and donations with existing or unfulfilled conditions ("use or return" clause) attached to them as of reporting date that has not been recognised as a liability (2018: nil).

### 8. ACCUMULATED FUNDS

#### Accumulated surpluses

	2019	2018
	\$	\$
Opening balance	80,827	75,788
Surplus for the year	4,732	5,039
<b>Closing balance</b>	<b>85,559</b>	<b>80,827</b>

### 9. COMMITMENTS AND CONTINGENCIES

#### Commitments

The Club has no capital or operating commitments at balance date (2018: nil).

#### Contingencies

The Club has no contingent assets or liabilities at balance date (2018: nil).

#### Guarantees

The Club has not provided any guarantees at balance date (2018: nil).

### 10. RELATED PARTIES

A related party transaction is a transfer of money or other resource between the Club and a person or other entity that is closely associated with the Club that has the ability to influence the Club. This includes significant normal business transactions as well as transactions below the market price (including the provision of free goods or services). The Club's key management personnel (KMPs) are also considered related parties.

### 11.1 Transactions and balances with related parties

The Club has various trade transactions with related party entities in the form of rental expense and management fee charges. These transactions are on an arms-length basis with the exception of those that related to concessionary loan advances made from time to time by the NZRB and NZTR which are extended to the Club for below market rate of interest.

The following table summarises the amount of related party transactions during the year.

	Relationship with counterparty	Nature of transaction	Amount of transaction / balance	
			2019	2018
<b>TRANSACTIONS</b>			\$	\$
<u>Receipts from related parties</u>				
NZ Racing Board (NZRB)	Provider of funds	Stakes and other funding	162,000	162,000
<u>Payments to related parties</u>				
NZ Racing Board (NZRB)	Provider of funds	Stakes and other fees	145,500	135,500

### 11.2 Transactions and balances with key management personnel and close members of their family

Key management personnel (KMP) of the Club include the members of the Committee and various sub-committees of the Club, the Chief Executive and Executive Management Team who exercise control or significant influence over the financial and operating decision-making of the Club. For purposes of financial reporting disclosures, the Club also considers transactions with close members of the KMP's family as related party transactions.

#### Transactions

KMPs are also members of the Club and pay membership fees and other fines and charges on the same rate and terms as charged to other members who are not KMPs. In addition, members of the Club may have interest in racing through ownership, breeding, training, driving or similar capacity. KMPs and close members of their family may also join races and be eligible for stake money from the Club under normal trade terms and conditions applicable to other persons not otherwise considered KMPs.

With the exception of the regular fees and charges, compensation (discussed below) and race-related transactions under normal terms, there have been no other transactions between the Club and its KMPs and close members of their family during the year (2018: nil).

#### Remuneration

The Club did not provide any compensation at non-arm's length terms to KMPs and close family members of KMPs during the year (2018: nil).

#### Loans & advances

There were no loans and advances made by the Club to its key management personnel during the year, nor loans and advances from the key management personnel to the Club during the year (2018: nil).

### 11. EVENTS AFTER BALANCE DATE

There were no significant events and transactions subsequent to the reporting date.

