

Gallop South Incorporated

Financial Statements

For the year ended 31 July 2019

Gallop South Incorporated

For the year ended 31 July 2019

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Gallop South Incorporated
For the year ended 31 July 2019

Directory

IRD Number	090-788-728
Incorporated Society Number	1964465
Gallop South Chairman	Peter Grant
Other Gallop South Board Members	Jimmy Allison Alasdair Lindsay Howard Clark Jon Fergus Vince McLachlan Barry Gray
Bank	ASB
Auditor	Audit Professionals

Gallop South Incorporated
Statement of Financial Responsibility
For the year ended 31 July 2019

The Board is responsible for preparing the financial statements and ensuring that they comply with the stated accounting policies on page 7, and fairly reflect the financial position of the Society as at 31 July 2019 and the results of its operations for the year ended on that date.

The Board considers that the financial statements of the Society have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Board believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Society and facilitate compliance with the stated accounting policies.

The Board considers that they have taken adequate steps to safeguard the assets of the Society, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Board is pleased to present the financial statements of the Gallop South Incorporated for the year ended 31 July 2019.

For and on behalf of the Board:

Chairperson



Treasurer



Dated:

29/11/19

Dated:

1-12/19

Gallop South Incorporated
Statement of Financial Performance
For the year ended 31 July 2019

Trading Statement for Starting Gates

Revenue	2019	2018
	\$	\$
Starting Gate Rental	53,160	74,102
Set of 6 Starting Gate Rental	957	1,000
	<u>54,117</u>	<u>75,102</u>
Expenses		
Starting Gate Fuel	7,052	6,154
Starting Gate Registration/Certification	9,077	8,575
Starting Gate Insurance	2,516	3,767
Starting Gate Maintenance	5,293	5,126
Starting Gate Wages	956	5,776
Starting Gate Other	10,871	184
Starting Gate Travel Expense	2,427	5,106
Gallop South Administration Fee	-	10,000
	<u>37,874</u>	<u>44,688</u>
Net surplus for the year prior to non-cash adjustments	<u>16,243</u>	<u>30,414</u>
Less Depreciation	20,266	21,287
Net Surplus / (Deficit) for the year	<u><u>(4,023)</u></u>	<u><u>9,127</u></u>

* This statement is to be read in conjunction with the Notes to the Financial Statements and Auditor's report.

Gallop South Incorporated

Statement of Financial Performance For the year ended 31 July 2019

	Note	2019	2018
Revenue		\$	\$
Management/Secretarial Fees		139,900	150,500
Interest		829	2,684
Memberships		1,808	1,959
Starting Gate Administration Fee		-	10,000
Sponsorship		391	3,731
Sundry Income		3,335	2,204
Gain on disposal of assets		2,000	75
Starting Gate Net Surplus / (Deficit) for the year		(4,023)	9,127
		<u>144,240</u>	<u>180,280</u>
Expenses			
Accounting Assistance (including for Clubs)		7,400	4,208
Advertising		1,892	1,205
Audit Fee		3,000	3,733
Bank Fees		113	128
Cleaning		252	247
Board Claim Expense		-	313
General Expenses		5,972	4,236
Insurance		-	276
Legal Fees	9	626	15,872
Equipment Rental		464	3,726
Postage, Printing, Stationery & Computers		12,168	16,957
Office Rental		2,568	4,207
Employee costs	9	76,359	132,296
Member Club Payments	4	118,080	47,000
Telephone and Tolls		2,091	2,355
Travel & Meeting Expenses		5,482	5,632
Vehicle Expenses		1,916	2,368
		<u>238,383</u>	<u>244,759</u>
Net (Deficit) for the Year		<u>(94,143)</u>	<u>(64,479)</u>
Depreciation and losses on asset disposals		3,689	1,194
Net (Deficit) for the Year		<u>(97,832)</u>	<u>(65,673)</u>

* This statement is to be read in conjunction with the Notes to the Financial Statements and Auditor's report.

Gallop South Incorporated

Statement of Movements in Equity For the year ended 31 July 2019

	2019 \$	2018 \$
Equity at beginning of year	440,817	506,490
Net Surplus / (Deficit) for the year	(97,832)	(65,673)
Equity at end of year	342,985	440,817

Statement of Financial Position As at 31 July 2019

	Note	2019 \$	2018 \$
Members' Equity		342,985	440,817
Current Assets			
Cash and Bank Balances	1	213,604	343,362
Accounts Receivable		6,360	10,157
Prepaid Insurance		1,730	1,651
		<u>221,694</u>	<u>355,170</u>
Non Current Assets			
Property, Plant and Equipment	2	183,690	195,983
		<u>183,690</u>	<u>195,983</u>
Total Assets		405,384	551,153
Current Liabilities			
Accounts Payable	3	12,393	13,330
Settlement – Southland Racing Club Inc	4	-	47,000
Members Club Advances	5	50,006	50,006
		<u>62,399</u>	<u>110,336</u>
Total Liabilities		62,399	110,336
Net Assets		342,985	440,817

* This statement is to be read in conjunction with the Notes to the Financial Statements and Auditor's report.

Gallop South Incorporated

Statement of Accounting Policies

For the year ended 31 July 2019

Basis of preparation

Gallop South Incorporated is registered under the Incorporated Societies Act 1908. These financial statements have been compiled in accordance with the Society's Rules. The measurement base adopted is historical cost.

Gallop South Incorporated is not required under legislation or otherwise to prepare financial statements in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and has, therefore, elected not to adopt the new accounting framework as prescribed by the External Reporting Board (XRB) for the year ended 31 July 2019 as applicable for not-for-profit entities.

These financial statements are therefore special purpose financial statements that are prepared in accordance with the accounting policies set out below for members use only.

Plant and equipment

Plant and equipment items are stated at cost and depreciated as outlined below.

Where an asset is disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is charged at the following rates:

Plant and Equipment	10% - 50% diminishing value
Vehicles	10% - 30% diminishing value

Accounts receivable

Accounts receivable are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Goods and services tax (GST)

The Society is registered for GST. All amounts are shown exclusive of GST, except for accounts receivable and accounts payable that are shown inclusive of GST.

Investments

Investments are initially recorded at cost. If in the committee's opinion the estimated recoverable amount of an investment is less than its carrying amount, the investment is written down to its recoverable amount, and an impairment adjustment is recognised in the Statement of Financial Performance.

Income tax

The Society is exempt from income tax pursuant to SEC CW47 (2) of the Income Tax Act 2007.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Gallop South Incorporated
Notes to the Financial Statements
For the year ended 31 July 2019

1. Cash and bank balances

	2019	2018
	\$	\$
ASB - Current Account	95,968	68,493
ASB - Call Account	-	328
ASB - Starting Gate Account	-	2,735
ASB - Starting Gate Savings Account	116,342	115,842
ASB - Savings Plus Account	1,294	155,964
	<u>213,604</u>	<u>343,362</u>

2. Plant and equipment

	2019	2018
	\$	\$
Office Equipment		
Cost	-	8,797
Accumulated Depreciation	-	8,408
Net Book Value	<u>-</u>	<u>389</u>
 Plant		
Cost	254,035	242,372
Accumulated Depreciation	140,779	128,260
Net Book Value	<u>113,256</u>	<u>114,112</u>
 Furniture & Fittings		
Cost	1,366	15,907
Accumulated Depreciation	858	12,955
Net Book Value	<u>508</u>	<u>2,952</u>
 Motor Vehicles		
Cost	170,111	180,741
Accumulated Depreciation	100,185	102,211
Net Book Value	<u>69,926</u>	<u>78,530</u>
 Total Book Value	<u><u>183,690</u></u>	<u><u>195,983</u></u>

Gallop South Incorporated

Notes to the Financial Statements (continued)

For the year ended 31 July 2019

3. Accounts Payable

	2019	2018
	\$	\$
Trade Creditors	2,545	-
Annual Leave Owing	-	2,747
PAYE Owing	1,092	944
GST Owing	3,956	4,889
Sundry Accruals	4,800	4,750
	<u>12,393</u>	<u>13,330</u>

4. Member Club Payments

During the 2019 financial year, distributions were made to each of the 10 participating Member Racing Clubs as their share of the Oamaru chute sale. These payments totalled \$118,080. In the prior year Southland Racing Club Incorporated ceased their involvement in Gallop South Incorporated and was paid \$47,000 for their share and to recognise their past service to Gallop South Incorporated.

5. Members Club Advances

	2019	2018
	\$	\$
Beaumont Racing Club	3,334	3,334
Central Otago Racing Club	3,334	3,334
Gore Racing Club	10,000	10,000
Kurow Jockey Club	3,334	3,334
Riverton Racing Club	10,000	10,000
Tapanui Racing Club	3,334	3,334
Waikouaiti Racing Club	3,334	3,334
Wairio Jockey Club	3,334	3,334
Winton Jockey Club	6,668	6,668
Wyndham Racing Club	3,334	3,334
	<u>50,006</u>	<u>50,006</u>

6. Operating Lease Commitments

The Society has a monthly lease commitment of \$156 for the photocopier (2018: \$156).

7. Related Party Transactions

The Society provides race day management and secretarial and support services to its Member Clubs. These services are provided at an agreed fee for each race meeting. The Society incurred expenses on behalf of Member Clubs during the year, which were reimbursed to Gallop South by the Clubs. These expenditures are not recorded in the Society's Statement of Financial Performance, as they are not expenses of the Society.

Gallop South Incorporated

Notes to the Financial Statements (continued)

For the year ended 31 July 2019

8. Commitments

The Society has no capital expenditure commitments at 31 July 2019 (2018: Nil).

9. Legal fees/ wages

The 2018 figures include past employee settlements and related legal fees following a restructuring.

10. Going Concern

The Society relies on ongoing support from its Member Clubs to continue as a going concern. Without receiving continuing support from the Member Clubs, the Society would not have the financial resources to meet its obligations and accordingly, the going concern assumption would not be valid. The financial statements do not include the adjustments that would result if the Society were unable to continue as a going concern.

11. Contingent Liabilities

There are no contingent liabilities at 31 July 2019 (2018: Nil).

12. Subsequent Events

There are no events since 31 July 2019 that would have a material impact on these financial statements.

Independent Auditor's Report

to the Members of Gallop South Incorporated

Our Opinion

We have audited the financial statements of Gallop South Incorporated (the Society) which comprise the statement of financial position as at 31 July 2019 and the statement of financial performance and statement of movements in equity for the year then ended, and statement of accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present, in all material respects, the financial position of the Society as at 31 July 2019 and its financial performance for the year ended on that date in accordance with the accounting policies defined in the statement of accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm has provided accounting assistance with the presentation of the financial statements. This assistance has not impaired our independence as auditors of the Society.

Board Members' Responsibilities for the Financial Statements

The Board Members are responsible, on behalf of the Society, for the preparation and presentation of the financial statements in accordance with the accounting policies adopted by the Society and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Board Members are responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

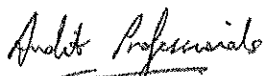
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board website: https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the statement of accounting policies which describes the basis of accounting. The financial statements are prepared to provide an account of the financial activities of the Society during the year and as a result may not be suitable for any other purpose. This report is made solely to the Society's members as a body. Our audit work has been undertaken so that we might state to the Society's members those matters which we are required to state in an auditor's 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 Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.



Chartered Accountants
3 December 2019

Dunedin