



RIVERTON RACING CLUB INCORPORATED

*Performance Report for the year ended
30 June 2020*

TABLE OF CONTENTS

	Pages
Entity Information	3-4
Statement of Service Performance	5
Statement of Financial Performance	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement of Accounting Policies	9
Notes to the Performance Report	10-14
Independent Auditor's Report	15

Entity Information
"Who are we?", "Why do we exist?"
For the year ended 30 June 2020

Legal name	Riverton Racing Club Incorporated
Type of entity for financial reporting	Not-for-profit public benefit entity
Legal basis	Incorporated Societies Act 1908
Type and legal structure	Incorporated Society
Governance structure	Committee comprising a President, a Vice-President, and 11 other Committee members. One of the Committee members is appointed as the honorary treasurer.

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 events at the Riverton Racecourse. The club 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, agricultural products and bar sales.

Revenue generated from investments and use of Club's assets includes interest, dividends, rental 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 (RITA and the Code and other clubs). In particular, the Club receives gaming subsidies from RITA 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: Riverton Racecourse, Riverton 9883

Postal Address: PO Box 2, Riverton 9847

Statement of Service Performance
"What did we do?" and "When did we do it?"
 For the year ended 30 June 2020

Description of the Entity's Outcomes

The Club is primarily engaged in the conduct and promotion of thoroughbred racing in the Riverton area. Race meeting is held four times a year, twice in April and twice in May, historically at the Riverton Racecourse.

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 been actively working with the Code and RITA 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

	This year's season	Last year's season
Number of Race Meetings	1	4
Number of Races	8	34
Number of Starters	69	358
Total Stakes	\$82,000	\$625,435

Additional Information

In 2020, 3 of the races planned for April and May 2020 were cancelled because the whole of New Zealand went into lockdown during that period due to Covid-19 virus.

The only race meeting was held on 4 December 2019.

Statement of Financial Performance
"How was it funded?" and "What did it cost?"
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Race meeting revenues	1.1	181,482	843,023
Revenue relating to farming activities	2.1	144,552	170,428
Other operating income	3.1	55,401	88,010
Finance revenue	4.1	21,885	21,027
(Loss)/gain on sale of land	5	-	123,381
Total revenue		403,320	1,245,870
Race meeting costs and expenses	1.2	138,408	857,339
Expenditure relating to farming activities	2.2	111,832	57,368
Other operating expenses	3.2	265,285	226,872
Finance expense	4.2	5,941	26
Total expenses		521,466	1,141,605
Net surplus / (deficit) for the year		(118,146)	104,265


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 2020

	Note	2020 \$	2019 \$
Assets			
Current Assets			
Cash and cash equivalents	6	653,065	180
Receivables	7	15,879	74,074
Investments	8	-	861,708
Land development	9	99,802	99,802
Biological assets	10	7,928	20,277
Total Current Assets		776,674	1,056,041
Non-Current Assets			
Property, plant and equipment	11	607,238	479,121
Building - work in progress		36,475	-
Investments	8	17,296	22,806
Total Non-Current Assets		661,009	501,927
Total Assets		1,437,683	1,557,968
Liabilities			
Current Liabilities			
Bank overdraft	6	-	32,982
Trade and other payables	12	47,954	17,111
Total Current Liabilities		47,954	50,093
Total Liabilities		47,954	50,093
Total Assets less Total Liabilities (Net Assets)		1,389,729	1,507,875
Equity			
(Deficit)/ Surplus for the Year		(118,146)	104,265
Retained Surplus		1,507,875	1,403,610
Total Equity		1,389,729	1,507,875

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

For and on behalf of the Committee,


..... President

30th November
..... 2020

Statement of Cash Flows
"How the Club has received and used cash"
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Cash was received from:			
Receipts from farming activities		144,552	170,428
Receipts from race day meeting		192,466	843,023
Receipts from other operating activities		55,401	108,695
Net GST received		47,211	-
		439,630	1,122,146
Cash was applied to:			
Expenditure relating to farming activities		90,760	71,101
Expenditure relating to race meetings		146,853	842,968
Other operating expenditure		240,387	193,681
Net GST paid		-	44,325
		478,100	1,152,075
Net Cash Flows (to) Operating Activities		(38,470)	(29,929)
Cash flows from Investing and Financing Activities			
Cash was received from:			
Interest received		21,885	-
Receipts from the sale of property, plant and equipment		-	325,000
Receipts from maturity of term deposits		861,708	-
		883,593	325,000
Cash was applied to:			
Payments to acquire property, plant and equipment		158,825	5,652
Payments to purchase term deposits		-	376,027
Interest paid		431	26
		159,256	381,705
Net Cash Flows from/(to) Investing and Financing Activities		724,337	(56,705)
Net Increase/ (Decrease) in Cash		685,867	(86,634)
Opening Cash		(32,802)	53,832
Closing Cash		653,065	(32,802)
This is represented by:			
Cash and cash equivalents	6	653,065	180
(Bank Overdraft)	6	-	(32,982)
		653,065	(32,802)

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 2020

BASIS OF PREPARATION

Reporting entity

Tier 3 Racing Club (hence forth, "The Club") is incorporated under the Incorporated Societies Act. The primary objective of the Club is to promote and administer race days on behalf of all of the member clubs. The Club is a recognised industry organisation in accordance with the Racing Act 2003.

Statement of compliance

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 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)

The Club is registered for GST. All revenue and expenses transactions are recorded net of GST. Where applicable, all assets and liabilities have been stated net of GST with the exception of receivables and payables 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.

Revenue

Revenue shown in the Statement of Financial Performance comprises the amounts received and receivable by the Club for goods and services supplies to customers in the ordinary course of business.

Trade and Other Receivable

Account Receivable are recorded at expected realisable values as determined by the Committee of the Incorporated Society.

Property, Plant and Equipment

Fixed assets are stated at cost less depreciation, if any except for land which is carried at a revalued amount and not depreciated.

The buildings are carried at cost, which depends on the racing club continuing to derive income from racing on the course. Should there be any changes in circumstance such that this is no longer the case, the carrying value of the buildings.

Depreciation has been charged at rates based on expected economic life as follows:

- Buildings	1%-10% CP / 9.6% - 12% DV
- Plant and equipment	10-80.4% DV
- Vehicles	20% DV

Livestock

Livestock has been valued using cost.

Investments

Investments are stated at cost. If in the committee's opinion the estimated recoverable amount of an investment is less than the carrying amount, the investment is written down to its recoverable amount and a fair value adjustment is recognised in the statement of financial performance.

Development Property

Development property is stated at cost and is not revalued due to the short-term nature of the investment. When a development property is disposed, a gain or loss recognised in the statement of financial performance is the difference between the sale price and the carrying amount of the property.

Development properties are not depreciated.

Interest is capitalised to the development property to the extent that the funding from debt drawdown has been used to improve the property for sale. This will cease once the carrying value of the section is approximately market value. The total interest capitalised in the year ended 30 June 2020 was \$nil (2019: \$nil)

Changes in accounting policies

There have been no changes to accounting policies.

Notes to the Performance Report
For the year ended 30 June 2020

1. RACE MEETING REVENUE AND EXPENSES

1.1 Race meeting revenue

	2020	2019
	\$	\$
Bulk Funding Received	81,450	555,000
Venue Funding	7,500	35,000
Racing Compliance	5,000	20,000
Event Funding	-	15,000
Jumping Support	-	7,500
Gate Takings	-	11,950
Grants	52,822	-
Sponsorship	574	34,291
Bar Sales	1,897	20,990
Racebook Sales	-	1,830
Nominations and Acceptance Fees	-	12,957
Oncourse Commissions	5,000	32,724
NZTR Meeting Payment	17,500	65,000
Marquee and Function Income	-	1,261
Tote Services	1,943	-
Sundry Income	7,796	29,520
Total race meeting revenues	181,482	843,023

1.2 Race day expenditure

Advertising	1,994	1,883
Bar Purchases	2,866	22,023
Entertainment	2,548	5,539
Marquee Furniture and Fittings	614	8,809
NZTR and RITA charges	13,500	40,500
Race Meeting Expenses	1,278	13,500
Printing Racebooks	924	11,773
Secretarial Fees	9,200	37,500
Security	258	9,501
Sponsors Expenses	1,235	3,817
Stakes	82,000	625,435
Starting Gate Hire	1,500	6,832
Sundry	15,771	11,999
TAB Wages and Hire	-	28,755
Trophies	904	2,337
Wages	3,816	27,136
Total race meeting costs & expenses	138,408	857,339
Net race meeting surplus / (deficit)	43,074	(14,316)

Grants were from Department of Internal Affairs – Racing Safety Development Fund \$37,822, The Southern Trust \$10,000 and New Zealand Thoroughbred Racing \$5,000.

2. REVENUE AND EXPENDITURE RELATING TO FARMING ACTIVITIES

2.1 Revenue relating to farming activities

	2020 \$	2019 \$
Baleage	132,818	149,767
Livestock and Wool Sales	11,736	20,661
Total Income	144,552	170,428

2.2 Expenditure relating to farming activities

Cost of Goods Sold		
Opening Stock	20,277	6,544
Purchase	4,879	13,857
	25,156	20,401
Closing Stock	7,928	20,277
Total Cost of Goods Sold	17,228	124
Direct Expenses		
Contracting and Cartage	8,072	17,268
Farm Working Expenses	13,538	2,863
Fertiliser	72,994	37,113
Total direct expenses	94,604	57,244
Total cost relating to farming activities	111,832	57,368
Net surplus – sales of goods	32,720	113,060

3. OTHER OPERATING REVENUE

3.1 Other operating revenue

Membership Subscriptions	6,710	7,129
Track Fees	9,125	11,794
Governance NZTR	10,000	10,000
Rental	21,963	23,448
Sundry Income	7,603	35,639
Total other operating revenue	55,401	88,010

3.2 Other operating expenditure

ACC Levies	1,002	433
Audit and Accountancy Fees	7,500	7,000
Bank Fees and Charges	300	340
Committee Expenses	1,666	1,007
Communication and Stationery	216	-
Commission relating to sale of development property	-	15,625
Depreciation	30,707	33,190
Electricity and Gas	10,521	10,735
General Expenses	9,067	16,461
Insurance	27,974	28,321
Legal Fees	-	3,437
Motor Vehicle Expenses	6,506	3,950
Rates	5,781	6,685
Repairs and Maintenance (including track renovations)	105,978	41,587
Wages	58,067	58,101
Total other operating expenses	265,285	226,872

4. FINANCE REVENUE AND COSTS

4.1 Finance revenue

	2020	2019
	\$	\$
Interest revenue	21,357	21,027
Dividends	528	-
Total finance revenue	21,885	21,027

4.2 Finance costs

Interest expense	431	26
Investment written off	5,510	-
Total finance revenue	5,941	26

5. DISPOSAL OF LAND

Sale price	-	325,000
Less: Prorated Development Costs	-	201,619
	-	123,381

6. CASH & CASH EQUIVALENTS

ASB Call Account	180	180
ASB Cheque Account/ (bank overdraft)	652,885	(32,982)
Total cash and cash equivalents	653,065	(32,802)

7. RECEIVABLES

Trade Receivables	880	11,864
GST Receivable	14,999	62,210
Total net realised value of receivables	15,879	74,074

8. INVESTMENTS

Term Deposits	-	861,708
Investments	17,296	22,806
Total investments	17,296	884,514
Current Financial Assets	-	861,708
Non-current Financial Assets	17,296	22,806
Total investments	17,296	884,514

9. OTHER ASSETS

Current		
Land Development Costs	99,802	301,421
Less Cost of Disposal	-	201,619
Total other assets	99,802	99,802

These costs have been recovered since 30 June 2020 (refer note 16).

10. BIOLOGICAL ASSETS

Sheep on Hand	5,928	7,840
Baleage on Hand	2,000	12,437
Total biological assets	7,928	20,277

11. PROPERTY, PLANT AND EQUIPMENT

	Opening Balances		Current Year Movements				Closing Balances			
	Cost / valuation	Acc. depreciation / impairment	Carrying amount	Additions	Disposals / Transfers	Impairment charges	Depreciation	Cost / valuation	Acc. depreciation / impairment	Carrying amount
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	137,087	-	137,087	-	-	-	-	137,087	-	137,087
Buildings	976,873	(706,556)	270,317	145,475	-	-	20,100	1,122,348	(726,656)	395,692
Plant and Machinery	208,227	(169,051)	39,176	-	-	-	4,098	208,227	(173,150)	35,078
Motor Vehicles	114,686	(82,145)	32,541	13,350	-	-	6,509	128,036	(88,654)	39,381
	1,436,873	(957,752)	479,121	158,825	-	-	30,707	1,595,698	(988,460)	607,238

	Opening balances		Current year movements				Closing balances			
	Cost / valuation	Acc. depreciation / impairment	Carrying amount	Additions	Disposals / Transfers	Impairment charges	Depreciation	Cost / valuation	Acc. depreciation / impairment	Carrying amount
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	137,087	-	137,087	-	-	-	-	137,087	-	137,087
Buildings	976,873	(685,573)	291,300	-	-	-	(20,983)	976,873	(706,556)	270,317
Plant and Machinery	208,227	(164,390)	43,837	-	-	-	(4,661)	208,227	(169,051)	39,176
Motor Vehicles	109,034	(74,599)	34,435	5,652	-	-	(7,546)	114,686	(82,145)	32,541
	1,431,221	(924,562)	506,659	5,652	-	-	(33,190)	1,436,873	(957,752)	479,121

The Club owns land at 2236 Riverton Wallacetown Highway, Riverton and 20A Otaitai Bush Road, Otaitai Bush. The most recent rateable valuations are land \$2,308,000 and buildings \$754,000, total \$3,062,000. The land at 20A Otaitai Bush Road was sold after 30 June 2020.

12. TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Accounts payable and accruals	46,216	8,445
PAYE and wage accruals	1,738	8,666
Total taxes and non-exchange payables	47,954	17,111

13. COMMITMENTS AND CONTINGENCIES

The Club has contracted WaterForce Southland to undertake irrigation works for a total cost of \$62,974 and \$28,398 has been paid to date at balance date, leaving a commitment of \$34,576.

No other capital commitments or contingencies have been contracted for or provided for at balance date (2019: nil).

14. RELATED PARTIES

Committee member M McCurdy is also the Managing Director of Todd and Co. Transactions with the related party during the year were:

	2020	2019
	\$	\$
Property Management Fees	-	965
Sales Commission Arising from Sale of Development Property	-	17,969

Committee member Barry Leith was paid wages during the year for his work as Racecourse manager until 5 January 2020, totalling \$29,483.

15. GOING CONCERN

New Zealand Thoroughbred Racing released a media announcement on 29 January 2019 proposing a reduction to 27 racing revenue in total across New Zealand by 2030. Of the clubs proposed to be shut, Riverton Racing Club was included. There has been no further confirmation if this will go ahead, however the proposed shut date for the club is currently 2024. As such, Riverton Racing Club continues to operate as a going concern.

16. EVENTS AFTER BALANCE DATE

In October 2020, the remaining land at 20A Otaitai Bush Road was sold for \$152,173. This has resulted in a gain on sale after deducting all costs (including \$99,802 development costs), which will be recognised in the 2021 financial year.

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

Independent Auditor's Report

to the Committee of Riverton Racing Club Incorporated

Our Opinion

We have audited the performance report of Riverton Racing Club Incorporated (the Club) which comprises the statement of financial position as at 30 June 2020 and the entity information, the statement of service performance, the statement of financial performance, movements in equity and statement of cash flows for the year then ended, and the statement of accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report:

- (a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- (b) the accompanying performance report presents fairly, in all material respects, the financial position of the Club as at 30 June 2020 and its entity information, service performance, financial performance and cash flows for the year ended on that date in accordance with the accounting standard, Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

Basis for Qualified Opinion

In common with other organisations of a similar nature, control over the revenues from farming and similar income prior to being banked is limited. It was not practicable to extend our examination of such income beyond the accounting for amounts received as shown by the accounting records of the Club, or to determine the effect of the limited control.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). 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 Club 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 qualified opinion.

Our firm has provided accounting assistance with the presentation of the performance report. This assistance has not impaired our independence as auditors of the Club.

Committee's Responsibilities for the Performance Report

The Committee is responsible, on behalf of the Club for:

- (a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report which comprises the entity information, the statement of service performance, statement of financial performance, statement of financial position, statement of cash flows, and the accounting policies and notes to the performance report, in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- (c) such internal control as the Committee determines is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

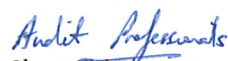
In preparing the performance report the Committee is responsible for assessing the Club's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable, 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 this performance report. A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board website:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

This report is made solely to the Committee as a body. Our audit work has been undertaken so that we might state to the Committee 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 Club and the Committee, as a body, for our audit work, for this report or for the opinions we have formed.


Chartered Accountants
1 December 2020

Dunedin