GORE RACING CLUB INCORPORATED

Performance Report for the year ended 31 May 2020

TABLE OF CONTENTS

	Pages
Entity Information	3
Statement of Service Performance	4
Statement of Financial Performance	5
Statement of Financial Position	6
Statement of Cash Flows	7
Statement of Accounting Policies	8
Notes to the Financial Statements	9-13
Independent Auditors Report	14

Entity Information

"Who are we?", "Why do we exist?"
For the year ended 31 May 2020

Legal name	**Gore 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-Presidents, 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 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, 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:

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:	132 Mataura-Gore Highway, Gore
Postal Address:	PO Box 132, Gore 9740

Audit PROFFSSIONALS

Statement of Service Performance
"What did we do?" and "When did we do it?"
For the year ended 31 May 2020

Description of the Entity's Outcomes

The Club is primarily engaged in the conduct and promotion of thoroughbred racing in the Gore area. Race meetings are held three times a year at the Gore Racecourse, one of which are in January and one in both September and October.

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	3	3
Number of Races	24	24
Total Stakes	$409,000	$408,000

Additional Information

Race meetings were held at Gore on 27 September 2019, 31 October 2019, and 18 January 2020.

Audit PROFFSSIONALS

Statement of Financial Performance
"How was it funded?" and "What did it cost?"
For the year ended 31 May 2020

	Note	2020 $	2019 $
Race meeting revenues	*1.1*	565,623	565,499
Sale of goods	*1.2*	102,405	89,463
Rendering of services	*1.3*	110,673	116,488
Other operating income	*1.4*	18,815	60,157
Finance revenue	*4*	870	414
Total revenue		**798,386**	**832,021**
Race meeting costs and expenses	*1*	525,407	540,834
Cost of sales	*1.2*	76,779	27,964
Volunteer and employee related costs	*2*	52,607	56,928
Other expenses	*3*	133,463	146,424
Total expenses		**788,256**	**772,150**
Net surplus for the year		**10,130**	**59,871**

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

Audit PROFESSIONALS

Statement of Financial Position
"What the Club owns?" and "What the Club owes?"
As at 31 May 2020

	Note	2020 $	2019 $
Assets			
Current Assets			
Cash and cash equivalents	5	275,515	201,730
Receivables	6	8,042	27,214
Biological assets	8	74,693	86,898
Total Current Assets		**358,250**	**315,842**
Non-Current Assets			
Property, plant and equipment	9	660,169	687,481
Investments	7	45,469	51,331
Total Non-Current Assets		**705,638**	**738,812**
Total Assets		**1,063,888**	**1,054,654**
Liabilities			
Current Liabilities			
Trade and other payables	10	9,026	9,922
Total Liabilities		**9,026**	**9,922**
Total Assets less Total Liabilities (Net Assets)		**1,054,862**	**1,044,732**
Accumulated Funds			
Accumulated surpluses	11	**1,054,862**	**1,044,732**

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

For and on behalf of the Committee,

..... President

12/10/.....2020

Statement of Cash Flows
"How the Club has received and used cash"
For the year ended 31 May 2020

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Cash was received from:			
Industry profit distribution and other race meeting receipts		558,865	582,252
Donations, fundraising and other similar revenues		21,000	9,000
Fees, subscriptions, and other receipts from members		864	34,405
Revenue from providing goods or services		230,015	220,925
		810,744	846,582
Cash was applied to:			
Payments to suppliers and employees		701,000	716,439
RITA charges		40,500	51,500
GST paid/ (received)		(4,479)	1,628
		737,021	769,567
Net Cash Flows from Operating Activities		**73,723**	**77,015**
Cash flows from Investing and Financing Activities			
Cash was received from:			
Receipts from the sale of property, plant and equipment		-	3,478
Interest received		62	414
		62	3,892
Cash was applied to:			
Payments to acquire property, plant and equipment		-	34,048
Purchase of investments		-	30,173
		-	64,221
Net Cash Flows (to) Investing and Financing Activities		**62**	**(60,329)**
Net Increase in Cash		**73,785**	**16,686**
Opening Cash		201,730	185,045
Closing Cash		**275,515**	**201,730**
This is represented by:			
ASB cheque account	*5*	192,609	118,886
SBS cheque account	*5*	82,906	82,844
		275,515	**201,730**

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

Audit PROFESSIONALS

Statement of Accounting Policies
"How did we do our accounting?"
For the year ended 31 May 2020

BASIS OF PREPARATION

Reporting entity
Gore Racing Club Incorporated (hence forth, "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 entity 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). The affected items are discussed in detail under Tier 2 PBE Accounting Standards Applied section of this Performance Report.

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 except for 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.

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

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 during the financial year. All policies have been applied on a consistent basis with the prior year.

Tier 2 PBE Accounting Standards Applied
The Club has applied the following Tier 2 PBE Accounting standards as they have not been covered in the PBE standards (accrual):

- *PBE IPSAS 27, Agriculture*

The Club is engaged in agricultural activities and has previously applied differential reporting in measuring the underlying assets. Starting the current year, the Club has applied the provisions of PBE IPSAS 27, Agriculture in the recognition and measurement of its biological assets.

The key difference is the use of market-based price in valuing the biological asset as of balance date whereas the Club has previously used the average rate published by the Internal Revenue Department.

The Club has assessed that the value of prior year stocks using the market price then prevailing is not materially different to the price used; on this basis, biological assets have not been restated and the opening value has been considered as the "deemed" cost of the assets on initial adoption of the PBE standard (accrual).

Reclassification of prior year balances
Certain prior year balances have been reclassified to be consistent with the current year presentation. These reclassifications had no effect on the reported results.

Audit PROFFSSIONALS

Notes to the Performance Report
For the year ended 31 May 2020

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

	2020	2019
Race Meeting Revenue	*$*	*$*
Stakes Funding – NZTR		
Bulk Funding Revenue	409,000	408,000
Racing Compliance	15,000	15,000
Venue	22,500	22,500
Event Funding	5,000	5,000
Nomination & Acceptance Fees	6,625	7,000
NZTR Raceday Payment	50,000	51,920
Grants	11,000	9,000
Sponsorship	11,850	10,950
Bar & Catering Income	19,817	21,822
Racebook Sales	143	78
Oncourse Commission	13,436	13,446
Marquee and Function Income	1,252	783
Total Race Meeting Revenues	**565,623**	**565,499**
Advertising & Promotion	435	2,206
Bar Stocks and Expenses	13,312	11,107
Public Entertainment / Activities	261	-
RITA Service Fee	33,000	44,000
NZTR Racing Meeting Charges	7,500	7,500
Photo Finish	1,535	1,517
Farrier	1,200	1,600
Plate Inspector	1,200	800
Racebook Costs	4,445	5,125
Secretarial/ Management Fee	25,200	28,800
Security	1,481	1,120
Sponsors Catering	3,720	3,210
Stakes	409,000	408,000
Sundry	-	670
Sundry Wages	12,629	12,390
Starting Gate Wages	-	1,500
Starting Gate Rental	4,500	3,000
Tote Wages	5,097	4,976
Trophies & Prizes	541	343
Marquee & Function Expenses	351	2,970
Total Race Meeting Costs & Expenses	525,407	**540,834**
Net race meeting surplus	**40,216**	**24,665**

The grant of $11,000 was received from the Trusts Community Foundation towards race day operations.

Audit PROFFSSIONALS

Notes to the Performance Report
For the year ended 31 May 2020

1.2 Sale of goods

	2020 $	2019 $
Sale of Goods	97,232	88,584
Wool & Other Farm Income	5,173	879
Total sale of goods	**102,405**	**89,463**
Purchases of Biological assets	47,708	33,270
Direct costs - Animal Health	-	843
- Fertiliser	1,697	7,496
- Other Farm Costs	15,169	4,473
Opening Stock on Hand	86,898	68,780
Less: Closing Stock on Hand	(74,693)	(86,898)
Death & Missing	-	-
Cost of sales	**76,779**	**27,964**
Net surplus - sale of goods	**25,626**	**61,499**

1.3 Rendering of services

	2020 $	2019 $
Racecourse services		
Track Fees	14,641	23,391
Course Rental Harness & Thoroughbred Racing Clubs	57,750	43,500
Catering Rental	3,717	4,957
Other Rental	9,211	27,277
Irk Street		
Rent Revenue – Headsafe	954	-
Rent Revenue – Wallis & G Looks	10,694	9,360
Rent Revenue – Jumper Co	450	750
Rent Revenue – Triton Hearing	11,726	6,760
Other rental revenue	1,530	493
Total revenue from rendering of services	**110,673**	**116,488**

1.4 Other operating income

	2020 $	2019 $
Audit Fee Subsidy	10,000	10,000
Sundry Income	7,086	29,520
Trials & Workouts	522	978
SBS Star Account Prize	-	1,000
Park Over Site Fees	343	1,681
Ground Mapping Subsidy	-	1,839
Grants	-	13,913
Members subscriptions and other fees	864	1,226
Total operating income	**18,815**	**60,157**

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 (2019: nil). Moreover, the Club has no unrecorded significant donated goods and assets for the year (2019: nil).

2. VOLUNTEER AND EMPLOYEE RELATED COSTS

	2020 $	2019 $
Course Manager Salary	33,817	48,165
Bar Staff Wages	-	2,144
Wages & Allowances	16,502	5,372
Accident Compensation Levy	2,288	1,247
Total volunteer and employee related costs	**52,607**	**56,928**

Audit PROFFSSIONALS

3. 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.

	2020 $	2019 $
Accountancy Fees	4,000	4,850
Audit Fees	3,130	3,260
Bank Charges	40	40
Committee Expenses	417	320
Cleaning & Laundry	853	556
Health & Safety Compliance	1,987	4,512
General Expenses	2,279	147
Light, Power & Heating	6,578	6,165
Insurance	17,272	17,692
Legal Expenses – Deductible	826	4,003
Motor Vehicle & Fuel Expenses	4,204	5,784
Telephone & Tolls	1,440	3,340
Printing, Postage & Stationery	439	393
Depreciation	27,310	27,074
Loss on Disposal	-	2,605
Debts and Investments Written off	10,667	-
Irk Street		
Rates	7,166	6,706
Repair & Maintenance	13,334	7,080
Racecourse		
Rates	4,634	4,489
Repair & Maintenance – Equipment & Vehicles	5,130	7,182
Repair & Maintenance – Ground & Others	3,782	12,882
Repair & Maintenance – Track Preparation	1,709	9,334
Repair & Maintenance – General	-	10,441
Repair & Maintenance – Building	16,266	7,569
Total other operating expenses	**133,463**	**146,424**

4. FINANCE REVENUE

	2020 $	2019 $
Interest from bank and term deposits	744	414
Dividend from shares	126	-
Total finance revenue	**870**	**414**

5. 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.

	2020 $	2019 $
ASB Cheque Account	192,609	118,886
SBS Cheque Account	82,906	82,844
Total Cash and Cash Equivalents	**275,515**	**201,730**

6. 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.

	2020 $	2019 $
Trade receivables	8,042	27,214
Total net realisable value of receivables	**8,042**	**27,214**

Audit PROFESSIONALS

7. 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.

	2020 $	2019 $
Setup Advance - Gallop South	10,000	10,000
Southland Racecourse Amenities Advance	-	6,670
Shares – Southland Amenities	20	20
Shares – Wool Equities	771	771
Shares – Alliance Group	4,476	4,350
Deposit – ASB Term Deposit	30,202	29,520
Total investments	**45,469**	**51,331**

Setup Advance to Gallop South
The 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.

Advance to Southland Racecourse Amenities
The advance is an interest-free advance made towards the working capital of Southland Racecourse Amenities (concessionary loan) for the setting up of the Club. This is common in local similar entities.

Investment in equity securities
The Club holds equity interest in various entities which the Club holds for trading or strategic purposes. Any dividends earned from these investments are included as revenue in the Statement of Financial Performance.

8. BIOLOGICAL ASSETS

Presented below is the reconciliation of the carrying amount of the Club's livestock.

	2018 $	2017 $
Opening carrying amount	**86,898**	**68,780**
Net decreases due to sales	(70,070)	(20,740)
Net increases due to purchases	47,708	33,270
Net gain from changes in fair value attributable to physical and price changes	10,157	5,588
Closing carrying amount	**74,693**	**86,898**

Fair value is determined using the current market value for such assets and adjustments in fair value of the livestock are included in the statement of financial performance. See related discussion under Tier 2 PBE Accounting Standards Applied section of this Performance Report.

Audit PROFFSSIONALS

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured initially at cost which includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to initial recognition, property, plant and equipment are measured using the cost model. Under the cost model, the item is carried at cost net of accumulated depreciation and any impairment losses.

Depreciation is recorded to spread the cost of the asset over the expected useful life of the asset, using the straight line method. The expected useful life, depreciation method and any significant residual value are reviewed on a regular basis.

The Club recognises impairment loss on its property, plant and equipment when it is assessed to exist usually indicated when the assets can no longer be used (or no longer serviceable for the intended purposes) in the normal operations of the Club other than those held for resale. Such loss is recorded as adjustment to the value of the asset and recognised in the statement of financial performance.

2020

	Opening balances			Current year movements				Closing balances			*Estimated useful life used for depreciation*
	Cost / valuation	Acc. depreciation / impairment	Carrying amount	Additions	Disposals / Transfers	Impairment charges	Depreciation	Cost / valuation	Acc. depreciation / impairment	Carrying amount	
	$	$	$	$	$	$	$	$	$	$	
Land improvements	**105,255**	**-**	**105,255**	**-**	**-**	**-**	**-**	**105,255**	**-**	**105,255**	nil
Buildings	**1,305,863**	**(793,903)**	**511,960**	**-**	**-**	**-**	**(18,398)**	**1,305,863**	**(812,301)**	**493,562**	10-50 years
Plant and machinery	**211,155**	**(140,891)**	**70,264**	**-**	**-**	**-**	**(8,912)**	**211,155**	**(149,803)**	**61,352**	10-20 years
	1,622,273	**(934,794)**	**687,479**	**-**	**-**	**-**	**(27,310)**	**1,622,273**	**(962,104)**	**660,169**	

2019

	Opening balances			Current year movements				Closing balances			*Estimated useful life used for depreciation*
	Cost / valuation	Acc. depreciation / impairment	Carrying amount	Additions	Disposals / Transfers	Impairment charges	Depreciation	Cost / valuation	Acc. depreciation / impairment	Carrying amount	
	$	$	$	$	$	$	$	$	$	$	
Land improvements	**105,255**	**-**	**105,255**	**-**	**-**	**-**	**-**	**105,255**	**-**	**105,255**	nil
Buildings	**1,293,574**	**(775,487)**	**518,087**	**12,289**	**-**	**-**	**(18,416)**	**1,305,863**	**(793,903)**	**511,960**	10-50 years
Plant and machinery	**201,135**	**(137,889)**	**63,246**	**21,759**	**(6,083)**	**-**	**(8,658)**	**211,155**	**(140,891)**	**70,264**	10-20 years
	1,599,964	**(913,376)**	**686,588**	**34,048**	**(6,083)**	**-**	**(27,074)**	**1,622,273**	**(934,794)**	**687,479**	

The current rating valuation of the Clubs properties in Gore at the rateable value dated 30 September 2019 are as follows:

Racecourse at 132 Mataura-Gore Highway	$2,100,000
47A Irk Street	$ 150,000

Audit PROFESSIONALS

10. 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.

	2020	2019
	$	$
Account Payable	5,037	8,740
GST Payable	3,989	1,182
Total taxes and non-exchange payables	**9,026**	**9,922**

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).

11. ACCUMULATED FUNDS

	2020	2019
	$	$
Opening Balance	1,044,732	984,861
Surplus for the year	10,130	59,871
Closing Balance	**1,054,862**	**1,044,732**

12. COMMITMENTS AND CONTINGENCIES

No capital commitments or contingencies have been contracted for or provided for at balance date (2019: nil).
The Club has not provided any guarantees at balance date (2019: nil).

13. 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.

Transactions and balance 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 RITA 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.

Transactions	Relationship with Counterparty	Nature of transaction	Amount of transaction / balance	
Receipts from related parties			2020	2019
			$	$
NZ Thoroughbred Racing	Provider of funds	Stakes and other funding	446,561	532,866
Hokonui Suzuki	Committee member	Sale of Husqvarna mower	-	3,478
Hokonui Suzuki	Committee member	Sponsorship	500	-
Payments to related parties				
NZ Thoroughbred Racing	Provider of funds	Stakes and other fees	364,500	415,500
Abernethy Contracting	Committee member	Digger work contracting	2,065	3,494
Absolute Trading	Committee member	Equipment hire	-	56
DRS Builder Ltd	Committee member	Building contractor	-	9,503
Hokonui Suzuki	Committee member	Services and repairs on mover and motorbike plus new bike	1,170	15,148

Audit PROFESSIONALS

Grants
There are no significant non-cash donated assets received during the year. (2019: nil)
Moreover, the Club has no unrecorded significant donated goods and assets for the year. (2019: nil)

Remuneration
The Club did not provide any compensation at non-arm's length term to committee members and their close family members during the year. (2019: nil)

Loans and 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. (2019: nil)

14. EVENTS AFTER BALANCE DATE

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

Audit PROFFSSIONALS

Audit PROFESSIONALS

Independent Auditor's Report

to the Committee of Gore Racing Club Incorporated

Our Opinion

We have audited the performance report of Gore Racing Club Incorporated (the Club) which comprises the statement of financial position as at 31 May 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:

(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 31 May 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 Opinion

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 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.

Audit Professionals

Chartered Accountants
12 October 2020

Dunedin