

Tuapeka Harness Racing Club Incorporated

Performance Report

For the Year Ended 30 June 2023

Tuapeka Harness Racing Club Incorporated
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For the Year Ended 30 June 2023

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Tuapeka Harness Racing Club Incorporated

Entity Information

For the Year Ended 30 June 2023

Tuapeka Harness Racing Club Incorporated is a club, registered under the Incorporated Societies Act 1908.

Entity's Purpose or Mission The primary objective of the Club is to promote, conduct and control harness racing and is registered with the Harness Racing New Zealand Code ("the Code") consistent with the Code's constitution. The Club is a recognised industry organisation in accordance with the Racing Industry Act 2020.

Nature of Business Harness Racing Club

Incorporated Society Number 226443

Additional Information The Club is incorporated under the Incorporated Societies Act 1908 and is a recognised industry organisation in accordance with the Racing Industry Act 2020.

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 (racetracks) 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:
C/- Southern Harness Racing
Ascot Park Racecourse
107-113 Racecourse Road
Invercargill 9810

Postal Address:
C/- Southern Harness Racing
General Manager Jason Broad
PO Box 96
Invercargill

Phone: (03) 217-9117

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Tuapeka Harness Racing Club Incorporated

Entity Information (continued)

For the Year Ended 30 June 2023

Auditor	Audit Professionals Limited Chartered Accountants Dunedin
Bankers	BNZ Bank Dunedin
Solicitors	Murray Little Cruickshank Pryde Invercargill
IRD Number	011-163-386
Entity Structure	<p>The Club is primarily engaged in a service activity with focus on conducting and promoting race meetings consistent with existing racing rules and regulations.</p> <p>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. Committee members: O Cameron (president), J Crawford, J Ward, K Ferguson, P Ponsonby, M Chapman, J Young, J Roberts, P Cummings, B Taylor, J Roughan, D Middleton, G Kenny, G Crawford and W Howie.</p>
Main Sources of Cash and Resources	<p>The Club's mainline revenue is industry funding from the Code which is used to defray the costs and expenses of the Club's race meetings.</p> <p>The Club is also engaged in the 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.</p> <p>Revenue generated from investments and the use of Club's assets include interest and other fees.</p>

Tuapeka Harness Racing Club Incorporated

Entity Information (continued)

For the Year Ended 30 June 2023

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 the sale of goods and services (including charges for use of the Club's assets) are based on agreed prices 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 (HRNZ and other clubs).

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 hence, 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.

Certain donated goods include real properties made in favour of the Club and which are used in the conduct of Club's operations. In some instances, donated goods have attached conditions in them which the Club has to satisfy before full entitlement over the goods received is vested in the Club. Until such time, the donated goods, though available for use by the Club, are presented as a present obligation in the Club's statement of financial position.

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 event, 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.

Tuapeka Harness Racing Club Incorporated

Statement of Service Performance

For the Year Ended 30 June 2023

Description of the Club's Outcomes

The Club is primarily engaged in the promotion of harness racing. The annual race meeting is held at Ascot Park Racecourse, Invercargill.

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

The Club's management has also been actively working with Southern Harness Racing and the Code (Harness Racing NZ) to ensure that industry funding remains a steady source of operational funding for race meetings.

Description of Outputs	Actual 2023	Actual 2022
Number of Race Meetings Held	1	1
Number of Races	9	10
Number of Horses Started	92	94
Total Stakes Offered	\$137,000	\$111,000
Total Stakes Paid	\$133,168	\$111,330

The Club's race meeting was held on 23 October 2022.

Tuapeka Harness Racing Club Incorporated

Statement of Financial Performance

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Race Meeting Revenue	1	159,490	133,262
Other Operating Revenue	2	548	935
Finance Revenue	3	3,403	2,697
Total Revenue		163,441	136,894
Less Expenses			
Race Meeting Costs & Expenses	4	160,041	133,511
Other Operating Expenses	5	11,086	9,250
Total Expenses		171,127	142,761
(Deficit) for the Year		(7,686)	(5,867)

The accompanying notes form part of these financial statements.

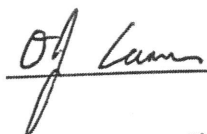
Tuapeka Harness Racing Club Incorporated

Statement of Financial Position

As at 30 June 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash and Cash Equivalents		11,277	22,144
Accounts Receivable		351	270
Accrued Interest		2,625	1,200
Prepayment		-	207
Investments – Bank Term Deposits	6	138,293	53,539
Total Current Assets		152,546	77,360
Non Current Assets			
Investment – Bank Term Deposit	6	-	82,776
Total Non Current Assets		-	82,776
Total Assets		152,546	160,136
Current Liabilities			
Accounts Payable and Accruals		1,450	1,350
GST Payable		68	72
Total Current Liabilities		1,518	1,422
Total Liabilities		1,518	1,422
Net Assets		151,028	158,714
Accumulated Funds			
Accumulated Surpluses	7	151,028	158,714
Total Accumulated Funds		151,028	158,714

For and on behalf of Tuapeka Harness Racing Club Incorporated

 President

Date: 8/9/2023

The accompanying notes form part of these financial statements.

Tuapeka Harness Racing Club Incorporated

Statement of Cash Flows

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
Cash Flows from Operating Activities		
Cash was received from:		
Industry Profit Distribution & Other Race Meeting Receipts	23,322	21,932
Donations, Fundraising & Other Similar Receipts	5,000	100
Fees, Subscriptions & Other Receipts from Members	467	1,096
Net GST movement	(4)	(43)
	28,785	23,085
Cash was applied to:		
Payments to Suppliers & Employees	(38,552)	(30,987)
Donations made	(1,100)	(500)
	(10,867)	(8,402)
Net Cash Flows (to) Operating Activities	(10,867)	(8,402)
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Interest Receipts	1,978	4,109
Cash was applied to:		
Interest Re-invested in Bank Term Deposits	(1,978)	(4,109)
	-	-
Net Cash Flows from Investing and Financing Activities	-	-
Net (decrease) in Cash Held	(10,867)	(8,402)
Cash at the Beginning of the Year	22,144	30,546
Cash at the End of the Year	11,277	22,144
This is represented by:		
BNZ Bank Current Account	11,277	22,144
Total Cash & Bank Balances	11,277	22,144

Note that the stakes funding and stakes paid were dealt with by Southern Harness Racing Inc on behalf of the Club and therefore not included in the cashflows.

The accompanying notes form part of these financial statements

Tuapeka Harness Racing Club Incorporated

Statement of Accounting Policies

For the Year Ended 30 June 2023

Reporting Entity

Tuapeka Harness Racing Club (henceforth, "the Club") is incorporated under the Incorporated Societies Act 1908. The primary objective of the Club is to promote, conduct and control harness racing and is registered with Harness Racing New Zealand Code ("the Code") consistent with the Code's constitution. The Club is a recognised industry organisation in accordance with the Racing Industry Act 2020.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Racing Industry Act 2020, 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 harness 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.

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 accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on an historical cost basis are followed by the club, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest dollar. The Performance Report is prepared under the assumption that the Club will continue to operate in the foreseeable future.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

(a) Revenue Recognition

Revenue is recognised when there is a 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 the sale of goods is recognised when the inventories are sold while revenue from the 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") is attached; in which case, a liability is initially recognised and upon satisfaction of the condition, the liability is reduced, and revenue is recorded.

Tuapeka Harness Racing Club Incorporated

Statement of Accounting Policies (continued)

For the Year Ended 30 June 2023

(a) Revenue Recognition (Continued)

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.

Subscriptions are recognised on an accrual basis.

(b) Expenses

Expenses are recognised when there is a 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.

(c) Accounts Receivable

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.

(d) Income Tax

The Club is a racing club, as defined in Section 5(1) of the Racing Industry Act 2020 and is therefore exempt from income tax in accordance with the provisions of Section CW 47(2) of the Income Tax Act 2007.

(e) Bank Deposits

Bank Deposits are recognised at the amounts invested.

(f) Goods and Services Taxation (GST)

The Club is registered for GST. Revenues and expenses have been recognised in the performance report exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(g) Accounts Payable

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 year end reporting date. These are recorded at the amount owing and are normally non-interest bearing.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous performance report.

Tuapeka Harness Racing Club Incorporated

Notes to the Performance Report

For the Year Ended 30 June 2023

1 Race Meeting Revenue	2023	2022
	\$	\$
	(1 race meeting)	(1 race meeting)
Stakes Funding – HRNZ and Southern Harness Racing Top-up	131,168	111,330
Venue Funding – HRNZ	16,055	14,850
Covid Support Funding	-	342
Total Funding	147,223	126,522
Race Meeting Sponsorship	6,325	6,740
Grant received	5,000	-
Member Bar Revenue	3	-
Hospitality/ Room Hire	939	-
Total Race Meeting Revenue	159,490	133,262

The grant was from Trillian Trust Limited \$5,000 for race day expenses. The Committee would like to express appreciation for this financial support.

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 requires the Club to return the asset received if the condition is not satisfied. In which case, the Club recognises the asset received initially as a liability and recognises revenue when the condition is satisfied.

2 Other Operating Revenue	2023	2022
	\$	\$
Membership Subscriptions	548	835
Donations	-	100
Total Other Operating Revenue	548	935

3 Finance Revenue	2023	2022
	\$	\$
Interest Revenue	3,403	2,697
Total Finance Revenue	3,403	2,697

Tuapeka Harness Racing Club Incorporated
Notes to the Performance Report (continued)
For the Year Ended 30 June 2023

4 Race Meeting Costs & Expenses

	2023	2022
	\$	\$
	(1 race meeting)	(1 race meeting)
Stakes Stakes Paid through Southern Harness Racing Club's Contribution to Stakes	131,168	111,330
	2,000	-
Total Stakes Paid	133,168	111,330
Advertising	727	406
Race Meeting Services (incl Security)	2,106	2,342
Race Meeting Sponsor Expenses (incl Trophies/Dress Rugs)	7,609	6,722
Racebook Costs	1,410	675
Racecourse Rental	8,000	7,000
Sponsorship & Promotion	1,594	1,779
Race Meeting Wages	3,389	2,316
Tote Wages	1,138	941
Sundry Expenses	900	-
Total Race Meeting Costs & Expenses	160,041	133,511

5 Other Operating Expenses

	2023	2022
	\$	\$
Audit Fee	1,450	1,450
Bank Fees	104	116
Committee & AGM Costs	781	440
Conference Expenses	2,529	799
Donations	1,100	500
Insurance	88	514
Postage, Printing & Stationery	184	286
Lease – Lawrence Gymkhana grounds	100	100
Secretarial Fees	4,750	4,750
Sundry Expenses	-	295
Total Other Operating Expenses	11,086	9,250

Tuapeka Harness Racing Club Incorporated
Notes to the Performance Report (continued)
For the Year Ended 30 June 2023

6 Investments – Bank Term Deposits	2023	2022
	\$	\$
Current Investment		
BNZ Bank Term Deposit - 3013	55,517	53,539
BNZ Bank Term Deposit - 3008	82,776	-
Total Current Investments	138,293	53,539
Non-current Investment		
BNZ Bank Term Deposit - 3008	-	82,776
Total Non-current Investments	-	82,776

The Club has investments in term deposits with banks for which interest revenue is recognised during the term of the investment. These investments have original maturities of more than 90 days or those restricted for specific purposes and are rolled on a continuing basis unless used by the Club for its operational cash requirements. Unrestricted term deposits with original maturities of at least or less than 90 days are classified by the Club as cash and cash equivalents. Term deposits with a maturity date within 12 months of balance date have been recorded as 'current investments.

7 Accumulated Funds	2023	2022
	\$	\$
Opening Balance	158,714	164,581
(Deficit) for the Year	(7,686)	(5,867)
Total Accumulated Funds	151,028	158,714

8 Transactions & Balances with Key Management Personnel & 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 family members of the KMP as related party transactions.

Transactions

KMP 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 KMP. In addition, members of the Club may have interest in racing through ownership, breeding, training, driving or similar capacity. KMP 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 KMP.

With the exception of the regular fees and charges, compensation and race-related transactions under normal terms, there have been no transactions between the Club and its KMP and close family members during the year (2022: Nil).

Tuapeka Harness Racing Club Incorporated

Notes to the Performance Report (continued)

For the Year Ended 30 June 2023

9 Arrangement with Southern Harness Racing Incorporated

Harness Racing Clubs in the Southland and Otago regions developed a regionalised model which was introduced for the 2017 financial year. Under the Heads of Agreement, a new structure was developed with the commissions on Off Course and Fixed Odds betting turnover and Group Race subsidies being paid to Southern Harness Racing. This was part of a bulk funded agreement with Harness Racing New Zealand (HRNZ) and the New Zealand Racing Board. There have been subsequent changes to this model since 2017.

From August 2020 Clubs Hosting Race Meetings now receive a Venue Payment per race day rather than any bulk funded commissions. This is to assist them with their race meeting running costs. Southern Harness Racing are responsible for race programming and the allocation of stakes funding. HRNZ are responsible for the payment of all Stakes. A key aim of this structure is to ensure consistent race programming and increased stakes across all meetings.

10 Related Parties

There are no significant transactions that were on terms and conditions that are likely to be different from the terms and conditions transactions in similar circumstances, involving related parties during the financial year (2022: Nil).

11 Commitments

The Club has no commitments as at 30 June 2023 (2022: Nil).

12 Contingent Liabilities and Guarantees

The Club has no contingent liabilities and no guarantees as at 30 June 2023 (2022: Contingent Liabilities Nil. Guarantees Nil).

13 Events Occurring After Balance Date

There were no events that have occurred after the balance date that would have a significant impact on the Performance Report.

Independent Auditor's Report

to the Members of Tuapeka Harness Racing Club Incorporated

Our Opinion

We have audited the financial statements of Tuapeka Harness Racing Club Incorporated (the Club) which comprise the statement of financial position as at 30 June 2023 and the statement of financial performance and statement of cash flows for the year then ended, and the statement of accounting policies and other explanatory information.

In our opinion, the financial statements included in the accompanying Performance Report present fairly, in all material respects, the financial position of the Club as at 30 June 2023 and its 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)). 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.

Information Other than the Financial Statements and Auditor's Report

Other information included in the Performance Report with the financial statements comprises the entity information and the statement of service performance. The Committee members are responsible for this other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We are required to report any misstatement of other information. We have nothing to report in this regard.

Committee Members' Responsibilities for the Financial Statements

The Committee members are responsible, on behalf of the Club, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Simple Format Reporting-Accrual (Not-For-Profit) and for such internal control as the Committee 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 Committee members are 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 members either intend 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 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

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



Chartered Accountants
11 September 2023

Dunedin