

Forbury Park Trotting Club Incorporated

Performance Report

For the Year Ended 31 July 2023

Forbury Park Trotting Club Incorporated
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For the Year Ended 31 July 2023

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Forbury Park Trotting Club Incorporated

Entity Information

For the Year Ended 31 July 2023

Legal Name of Entity	Forbury Park Trotting Club Incorporated
Type of Entity	Forbury Park Trotting 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.
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. Board members are Craig Paddon (former Chairperson who resigned in March 2023), Lex Williams (current chairperson), Graeme Anderson, Denis Aitken, Martin Denton and Phil Williams (elected June 2023).</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>
Main Methods Used to Raise Funds	<p>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.</p> <p>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.</p> <p>The Club also receives grants, subsidies and donations from various sources including Club members, individual and corporate sponsors and industry organisations (the Code and other clubs).</p> <p>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.</p>

Forbury Park Trotting Club Incorporated

Entity Information (continued)

For the Year Ended 31 July 2023

Entity's Reliance on Volunteers and Donated Goods or Services	<p>As discussed above, the Club is a beneficiary of various goods and services in kind. These proceeds are vital in the Club's race meeting events.</p> <p>Certain donated goods include real properties made in favour of the Club and which are used in the conduct of the Club's operations. In some instances, donated goods have attached conditions 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.</p> <p>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.</p> <p>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.</p>
Contact Details	<p>Physical Address: C/- Southern Harness Racing Club Ascot Park Racecourse 107-113 Racecourse Road Invercargill 9810</p> <p>Postal Address: C/- Southern Harness Racing Club P. O. Box 96 Invercargill Phone: (03) 217-9117 Email: admin@southernharness.co.nz</p>
Auditor	<p>Audit Professionals Limited P.O Box 620 Chartered Accountants Dunedin 9054</p>
Bankers	<p>ANZ Bank Dunedin</p>
Solicitors	<p>Downie Stewart Lawyers P.O. Box 1345 Dunedin 9054</p>

Forbury Park Trotting Club Incorporated

Statement of Service Performance

For the Year Ended 31 July 2023

Description of the Club's Outcomes

The Club is primarily engaged in the conduct and promotion of harness racing. Following the closure of the Forbury Park as a raceway on 31 July 2021, racing has been held at the Wingatui, Oamaru and Wyndham Racecourses.

To ensure that the Club meets its goals, prize money (stakes) is obtained by bulk funding from Harness Racing New Zealand. The Club has the ability to top-up this stakes funding if it wishes. This consequently enables a more attractive race participation.

The Club's management has also been actively working with Southern Harness Racing and the Code (HRNZ) 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	4	4
Number of Races	33	33
Number of Horses Started	335	393
Total Stakes Offered	\$321,000	\$347,711
Total Stakes Paid	\$308,354	\$344,616

The Club's race meetings were held on 2 December 2022 (at Wingatui), 25 January 2023 (at Oamaru), 20 March 2023 (at Wingatui) and 24 June 2023 (at Wyndham).

Forbury Park Trotting Club Incorporated
Statement of Financial Performance
For the Year Ended 31 July 2023

	Note	2023 \$	2022 \$
Revenue			
Race Meeting Revenue	1	409,970	425,121
Rendering of Services	2	15,783	12,875
Other Operating Revenue	3	779,489	153,602
Interest Revenue		768	53
Total Revenue		1,206,010	591,651
Less Expenses			
Race Meeting Costs & Expenses	1	399,517	421,917
Other Operating Expenses	4	309,170	378,842
Costs related to selling the land	5	182,504	140,006
Loss on transfer of property to HRNZ	9	1,737,637	-
Total Expenses		2,628,828	940,765
(Deficit) for year		(1,422,818)	(349,114)

The accompanying notes form part of these financial statements.

Forbury Park Trotting Club Incorporated

Statement of Financial Position

As at 31 July 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	6	36,420	88,675
Accounts receivable and prepayments	7	5,627	16,581
Land held for sale	8	-	53,584
Property, plant and equipment held for sale	9	21,017	1,713,494
GST refund due		52,110	21,463
Total Current Assets		115,174	1,893,797
Total Assets		115,174	1,893,797
Current Liabilities			
Revenue received in advance - current	10	11,433	11,433
Owing to Dunedin City Council for rates		-	94,705
Accounts payable		14,190	42,108
Employee entitlements		133	386
Borrowings - HRNZ	11	50,621	272,117
Total Current Liabilities		76,377	420,749
Non - Current Liabilities			
Revenue received in advance – non-current	10	226,902	238,335
Total Non - Current Liabilities		226,902	238,335
Total Liabilities		303,279	659,084
Net Assets/(Liabilities)		(188,105)	1,234,713
Accumulated Funds			
Accumulated Surpluses/(deficits)	12	(188,105)	1,234,713
Total Accumulated Funds (Deficit)		(188,105)	1,234,713

For and on behalf of Forbury Park Trotting Club Incorporated


 Board Chairman 9-10 2023

The accompanying notes form part of these financial statements.

Forbury Park Trotting Club Incorporated

Statement of Cash Flows

For the Year Ended 31 July 2023

	2023	2022
	\$	\$
Cash Flows from Operating Activities		
Cash was received from:		
Industry profit distribution & other race meeting receipts	83,866	332,176
Grants, donations, fundraising & other similar receipts	13,750	-
Fees, subscriptions & other receipts from members	2,870	1,982
Receipts from providing goods or services	51,796	34,547
Receipts from sale of low value assets	-	45,289
Net GST received/(paid)	(48,909)	(7,579)
	103,373	406,415
Cash was applied to:		
Payments to suppliers & employees	(156,025)	(513,549)
Net Cash Flows (to) Operating Activities	(52,652)	(107,134)
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Proceeds from sale of plant and equipment	4,250	104,805
Net cash advances from HRNZ	-	45,308
Interest received	768	53
	5,018	150,166
Cash was applied to:		
Net repayment of HRNZ borrowing	(4,621)	-
Net Cash Flows from Investing and Financing Activities	397	150,166
Net Increase/(decrease) in Cash Held	(52,255)	43,032
Opening Cash	88,675	45,643
Cash at the End of the Year	36,420	88,675
This is represented by:		
Cash and cash equivalents	36,420	88,675
Total Cash & Bank Balances	36,420	88,675

Note that the above cash flows exclude payments made by Harness Racing New Zealand on the Club's behalf and excludes the sale of property on behalf of the Club (refer note 3).

The accompanying notes form part of these financial statements.

Forbury Park Trotting Club Incorporated

Statement of Accounting Policies

For the Year Ended 31 July 2023

Reporting Entity

Forbury Park Trotting Club Incorporated ("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.

The financial statements presented are for the year ended 31 July 2023 and were authorised for issue by the Board of management on the date on page 6.

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. In previous years the annual accounts were prepared following their Tier 2 PBE accounting standards.

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 sale of services is 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.

Forbury Park Trotting Club Incorporated

Statement of Accounting Policies (continued)

For the Year Ended 31 July 2023

(a) Revenue Recognition (continued)

Revenue arising from grants, donations, subsidies and items of similar nature (collectively, revenues from non-exchange transactions) is 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.

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 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) Property, Plant & Equipment

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

Subsequent to initial recognition, property, plant and equipment is 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 for buildings and the diminishing value method for other assets. 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.

All repairs and maintenance costs are recognised as expenses in the Statement of Financial Performance in the financial period in which they are incurred.

Gains and losses on disposal of property, plant and equipment are taken into account in determining the net result for the year.

Forbury Park Trotting Club Incorporated
Statement of Accounting Policies (continued)
For the Year Ended 31 July 2023

(d) Property, Plant & Equipment (continued)

Estimated useful lives used for depreciation are:

Land and Improvements	not depreciated
Buildings	15 – 70 Years
Office Equipment	3 – 15 Years
Plant and Machinery	5 - 10 years

With the land owned by the Club being held for sale it was appropriate to adopt the Accounting Standard PBE IFRS at 31 July 2023. This standard permits the items to be shown as current assets and recorded at the lower of the carrying amount and its fair value (after costs to sell).

(e) 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 of Section CW 47(2) of the Income Tax Act 2007.

(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) Bank Accounts and Cash

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).

(h) 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.

(i) Borrowings - HRNZ

Borrowings from HRNZ are recorded at the amounts to be repaid to HRNZ in future.

(j) Tier 2 Accounting Standards

Other than the land held for sale being recorded following PBE IFRS 5 as noted above, the Club has not adopted any other Tier 2 Accounting Standards.

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.

Forbury Park Trotting Club Incorporated

Notes to the Performance Report

For the Year Ended 31 July 2023

1. Race Meeting Revenue and Expenses

	2023	2022
	\$	\$
Stakes Funding - HRNZ and Southern Harness Racing Top-ups	310,000	345,711
Meeting and Venue Funding - HRNZ	69,220	62,560
Total Funding	379,220	408,271
Grants relating to racedays	13,750	2,000
Race meeting sponsorships	17,000	14,850
Total Race Meeting Revenue	409,970	425,121
Stakes paid through Southern Harness Racing	308,354	344,616
Stakes overfunding repayment	2,000	-
Direct race meeting operating costs	10,030	20,672
Other race meeting costs	56,371	40,773
Salaries and wages (direct)	22,762	15,856
Total Race Meeting Costs & Expenses	399,517	421,917
Net Race Meeting Surplus	10,453	35,204

In 2023, grants were received from Trillian Trust Ltd for \$13,750 toward race meetings. (2022: \$2,000 from Bendigo Valley Foundation). The Board wishes to acknowledge its grateful thanks to these entities for their continued financial support.

2. Rendering of Services

	2023	2022
	\$	\$
Facilities and function service fees	15,783	12,875
Total Rendering of Services	15,783	12,875

3. Other Operating Revenue

	2023	2022
	\$	\$
Grant distribution received from HRNZ	728,535	-
Gain on disposal of plant and equipment – clearance sale	4,250	128,027
Members subscriptions and other fees	2,870	1,982
Rental revenue and operating expense recoveries	43,647	23,593
Sundry revenue	187	-
Total Other Operating Revenue	779,489	153,602

The grant distributed from HRNZ was agreed to by the Board of HRNZ as an amount equivalent to the balance of compensation received after the sale of a portion of the land to the Ministry of Education during the year. This grant was applied towards partial repayment of the loan from HRNZ.

Forbury Park Trotting Club Incorporated

Notes to the Performance Report (continued)

For the Year Ended 31 July 2023

4. Other Operating Expenses

	2023	2022
	\$	\$
Administration expenses	263	6,935
Advertising and promotions (general)	-	686
Audit fees	3,500	5,200
Bank fees and charges	1,665	2,150
Cleaning	350	-
Communication and security	13,760	9,316
Conference expenses	1,145	-
Depreciation	8,424	77,384
Directors fees	6,667	10,000
Donations	350	500
Insurance	42,816	27,192
IT Costs	18,212	18,110
Other operating expenses	570	7,305
Other staff costs	-	729
Penalties - rates	7,956	-
Power, light and heat	6,669	6,320
Professional and consultancy fees (incl. legal fees)	68,207	81,898
Rates - property	101,433	88,760
Repairs and maintenance	4,171	13,912
Salaries and wages	229	11,770
Secretarial fees	22,000	8,571
Stationery, printing and postages	783	1,757
Subscriptions and licenses	-	290
Transportation and vehicle	-	57
Total Other Operating Expenses	309,170	378,842

From December 2021, the Southern Harness Racing Bureau took over the management of all the Club race day related transactions. Mrs L Butler continued to manage the financial transactions of the Club until 1 August 2022 when they were also transferred to the Southern Harness Racing Bureau. Southern Harness Racing is working alongside the Club and the Code (HRNZ) for all racing, Club and venue related transactions.

5. Costs Related to Selling the Racecourse Land

Ongoing costs related to the future sale of the racecourse land have been paid by HRNZ on the Club's behalf, commencing December 2020. For the year ended 31 July 2023, these costs totalled \$182,504. (2022: \$140,006 and 2021: \$56,803)

Forbury Park Trotting Club Incorporated

Notes to the Performance Report (continued)

For the Year Ended 31 July 2023

6. Cash and Cash Equivalents

	2023	2022
	\$	\$
ANZ Bank – current account	35,768	88,282
ANZ Bank – serious saver account	641	383
ANZ Bank – call account	11	10
Total Cash and Cash Equivalents	36,420	88,675

7. Accounts Receivable

	2023	2022
	\$	\$
HRNZ race meeting funding	2,000	11,855
Trade receivables	3,227	7,026
Provision for doubtful debt	-	(2,300)
Prepayments	400	-
Total Accounts Receivable	5,627	16,581

8. Land Held for Sale

A portion of the Club's land (situated in Victoria Road) had a sale contract in place at 31 July 2021. This land represents approximately 5.2% of the Club's land and was shown separately as land available for sale, as a current asset. The previously recorded \$53,584 for the portion of land cost and development costs are now written off as part of the whole property written off (refer note 9).

9. Property, Plant & Equipment Held for Sale

	Opening Carrying Amount	Purchases/ (Write offs)	Depreciation	Closing Carrying Amount
2023	\$	\$	\$	\$
Land and improvements	570,747	(570,747)	-	-
Buildings	1,113,306	(1,113,306)	-	-
Office equipment	169	-	(26)	143
Plant & machinery	29,272	-	(8,398)	20,874
Total Property, Plant & Equipment	1,713,494	(1,684,053)	(8,424)	21,017

The property is at 146 Victoria Road, Dunedin covering 11.5858 hectares. Its most recent rateable valuation is land \$6,720,000 buildings \$1,200,000 total \$7,920,000. On 5 June 2021 the Forbury Park venue was closed for racing. On 27 February 2023, an Unconditional Agreement for the Sale and Purchase of the land was signed to transfer the property to HRNZ for \$1, in accordance with Section 26 of the Racing Industry Act 2020. The parties agreed that HRNZ shall indemnify the Club against any loss, claim, damage, expense, liability or proceeding that may be brought by any party against the Club, to a maximum sum equivalent to \$3 million.

Forbury Park Trotting Club Incorporated

Notes to the Performance Report (continued)

For the Year Ended 31 July 2023

9. Property, Plant & Equipment Held for Sale (Continued)

With the property considered to be controlled by HRNZ, as equitable owner, it has been transferred out of the books of the Club. This has resulted in a loss of \$1,737,637 in the year ended 31 July 2023.

It is the intention of the parties to on-sell the property and it has conducted a public consultation with the Dunedin community and other interested parties regarding their views on the future of the site. The settlement and eventual on-sale have not been able to be completed to date as a result of an ongoing dispute with a third party.

On 16 June 2023 a portion of the property was sold to the Ministry of Education for the benefit of St Clair School, comprising 4% of the land area. HRNZ remains committed to selling the remaining property.

10. Revenue Received in Advance

	2023	2022
	\$	\$
Current portion	11,433	11,433
Non-current portion	226,902	238,335
Total Revenue Received in Advance	238,335	249,768

Revenue received in advance relates to advance receipt of rental charges for the next 30 years from September 2015 for use of premises by mobile services providers (cell towers). As the amount received at inception represents the fair value of minimum lease payments under the contract, the Club measured the advance rental charge at face value and accounted the same as an operating lease. \$10,833 was recognised as rental revenue during the year for this arrangement.

The current portion also includes \$600 deposits on the gate remote (2022: \$600)

11. Borrowings - HRNZ

Interest free borrowings have been provided by HRNZ to assist the Club's finances including HRNZ paying various operating expenses in connection with managing and selling the land. While the borrowings are unsecured, they will be repaid from the eventual property sale proceeds. For new loans from 16 June 2023, interest is charged at 5.5% per annum.

Until the Club's land is sold, the Club is reliant on continued financial support from HRNZ to fund various expenses, including land sale costs. With this support, the Club continues to be a going concern.

12. Accumulated Surpluses/(Deficits)

	2023	2022
	\$	\$
Opening balance	1,234,713	1,583,827
(Deficit) for year	(1,422,818)	(349,114)
Closing balance	(188,105)	1,234,713

Forbury Park Trotting Club Incorporated

Notes to the Performance Report (continued)

For the Year Ended 31 July 2023

13. Commitments

Non-cancellable operating lease commitments – Club as lessor

The Club is currently leasing out a small portion of its land and building assets where the lessee has set up infrastructure facilities (cell site towers); while the lessees have access to the portion of the assets leased out, no portion of those assets are transferred to the lessees during or after the term of the lease. Furthermore, the Club will not be entitled to any of the infrastructure facilities set-up by lessees and these will be dismantled at the end of the lease term at the lessees' cost.

The Club has accounted for the transaction as an operating lease and recognises equal periodic lease income (including as part of the sale of services in the statement of financial performance). At the beginning of 2016, the relevant lease agreements were revised resulting to the Club receiving advance rental covering monthly charges for the next 30 years. The amounts shown in the following table relates to the Club's commitments under the agreement representing the outstanding minimum rental payments.

	2023	2022
	\$	\$
Within 1 year	10,833	10,833
After 1 year but not more than 5 years	43,332	43,332
More than 5 years	184,170	195,603
Total lease commitments as lessor	238,335	249,768

Non-cancellable operating lease commitments – Club as lessee

The Club has entered into contract with a photocopier supplier; the Club is charged a fixed fee per annum summarised in the following table:

	2023	2022
	\$	\$
Within 1 year	3,744	15,344
After 1 year but not more than 5 years	-	3,744
Minimum finance lease liability	3,744	19,088

The Club has no outstanding capital commitments as at the end of the reporting period (2022: Nil).

14. Contingencies

The Club has no outstanding guarantees nor any other contingencies as at the end of the reporting period (2022: Nil).

Forbury Park Trotting Club Incorporated

Notes to the Performance Report (continued)

For the Year Ended 31 July 2023

15. Related Parties

Other than Directors fees paid, the Club has no material transactions with related parties in the year ended 31 July 2023 (2022: Nil).

16. Future of Club's Activities

Due to the Forbury Park Trotting Club venue being deemed a surplus venue, racing ceased at the venue by 31 July 2021. The Club has been allocated 3 licences for the 2023/2024 season. 1 of the race dates is to be held at the Wingatui Racecourse, 1 at the Wyndham Racecourse and 1 at the Oamaru Racecourse.

17. Subsequent Events

There were no events that have occurred after the balance date that would have a significant impact on the performance report for the year ended 31 July 2023. However, the Club has received further loan funding since 31 July 2023 from HRNZ to assist meeting its operating costs and costs relating to the future property sale.

18. Deficit in Equity

Following the removal of the land and buildings as assets in the books of the Club (refer note 9), the Club has a deficit in equity at 31 July 2023 of \$188,105 (total liabilities exceeds total assets). The committee acknowledges that this is an unsatisfactory financial position and is reliant on continued financial support from HRNZ to continue its activities. HRNZ is committed to support the Club. Accordingly, the Club continues to be a going concern. Once the caveat from the third party has been removed from the property, HRNZ will provide a further a distribution to the Club to restore liquidity and enable the Club to meet its debt obligations, including fully repaying the loan from HRNZ.

Independent Auditor's Report

to the Members of Forbury Park Trotting Club Incorporated

Qualified Opinion

We have audited the performance report of Forbury Park Trotting Club Incorporated (the Club) which comprises the financial statements, the entity information and service performance. The complete set of financial statements comprise the statement of financial position as at 31 July 2023, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report: the accompanying performance report presents fairly, in all material respects:

- (a) the entity information for the year ended 31 July 2023;
- (b) the service performance for the year ended 31 July 2023 consistent with the Club's service performance criteria
- (c) the financial position of the Club as at 31 July 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) issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

In common with other organisations of a similar nature, control over the revenues from sale of plant and equipment 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 of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information* (NZ). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Club in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board 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.

Board Members' Responsibilities for the Performance Report

The Board Members are responsible, on behalf of the Club for:

- (a) the preparation and fair presentation of the entity information, financial statements and service performance information in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit);
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and service performance report information that are free from material misstatement, whether due to fraud or error.

In preparing the performance report the Board 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 Board 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 Performance Report

Our objectives are to obtain reasonable assurance about whether the entity information, financial statements as a whole and the service performance information 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) and NZAS 1 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://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/>.

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.

Audit Professionals Limited

Chartered Accountants
9 October 2023

Dunedin