

The Beaumont Racing Club Incorporated

Performance Report

For the Year Ended 31 July 2016

The Beaumont Racing Club Incorporated

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For the Year Ended 31 July 2016**

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The Beaumont Racing Club Incorporated
Entity Information
As at 31 July 2016

Beaumont 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 Thoroughbred Racing and is registered with 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.

Nature of Business Thoroughbred Racing Club

Incorporated Society Number 226847

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 operations of assets (race tracks) that are jointly owned and operated by members 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.

Administrators Gallop South Incorporated
Dunedin

Auditor Audit Professionals
Chartered Accountants
Dunedin

Bankers ASB Bank
Dunedin

IRD Number 010 064 104

The Beaumont Racing Club Incorporated
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Administrators Gallop South Incorporated
Dunedin

Auditor Audit Professionals
Chartered Accountants
Dunedin

Bankers ASB Bank
Dunedin

IRD Number 010 064 104

The Beaumont Racing Club Incorporated
Entity Information (continued)
As at 31 July 2016

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.

Main Sources of Cash & 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 and bar sales.

Revenue generated from investments and use of Club's assets include interest, dividends 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.

The Club also receives grants, subsidies and donations from various sources including Club members, individual and corporate sponsors and industry organisations (NZRB and the Code and other clubs). In particular, the Club receives from the NZRB 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 hence, not included in this Performance Report.

The Beaumont Racing Club Incorporated
Entity Information (continued)
As at 31 July 2016

**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, is 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 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.

The Beaumont Racing Club Incorporated
Statement of Service Performance
For the Year Ended 31 July 2016

Description of the Club's Outcomes

The Club is primarily engaged in the conduct and promotion of Thoroughbred Racing at Wingatui, Otago. Beaumont Racing Club run a 'dual code' race day in conjunction with Forbury Park Trotting Club. To ensure that the Club meets its goals, prizemoney 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 the Code and the NZRB to ensure that the industry funding remain a steady source of operational funding for race meetings.

Description of Outputs	Actual 2016	Actual 2015
Race Meetings held	1	1

**The Beaumont Racing Club Incorporated
Statement of Race Meeting Financial Performance
For the Year Ended 31 July 2016**

MARCH RACE MEETING

		Actual 2016 \$	Actual 2015 \$
Operating Revenue			
Totalisator Commission etc.		4,470	7,254
NZTR Distribution		119,500	104,500
Admission Fees		260	470
Grants Received		10,000	5,000
Sponsorship		9,602	9,738
Marquee & Bar Sales		100	947
Gross Surplus from Trading	1.1	<u>143,932</u>	<u>127,909</u>
Less Direct Costs			
Stakes		77,000	73,000
Tote Costs & Venue Service Fees		<u>11,329</u>	<u>13,194</u>
Total Direct Costs		<u>88,329</u>	<u>86,194</u>
Gross Surplus		55,603	41,715
Less Expenses			
Advertising		79	924
Promotions		759	758
Race day Services		5,868	5,328
Race day Wages		3,024	3,673
Bar & Function Expenses		1,819	1,523
Track & Facility Rental		<u>8,500</u>	<u>3,750</u>
Total Expenses		<u>20,049</u>	<u>15,955</u>
Surplus	1.1	35,554	25,759

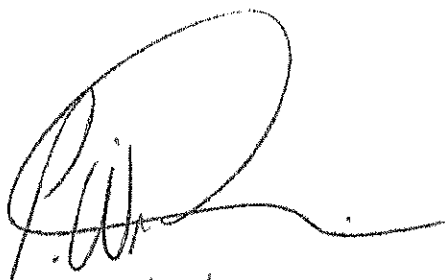
The items above are also included in the Statement of Financial Performance on Page 6

The Beaumont Racing Club Incorporated
Statement of Financial Performance
For the Year Ended 31 July 2016

	Note	Actual 2016 \$	Actual 2015 \$
Revenue			
Race Meeting Revenues	1.1		
Totalsator Commission etc.		4,470	7,254
NZTR Distribution		119,500	104,500
Admission Fees		260	470
Grants Received		10,000	5,000
Sponsorship		9,602	9,738
Marquee & Bar Sales		100	947
		<u>143,932</u>	<u>127,909</u>
Other Operating Income	1.2		
Membership Subscriptions		478	977
Dividends		345	338
		<u>823</u>	<u>1,315</u>
Finance Revenue	2		
Interest		616	375
Gain on Investment		-	13,642
		<u>1,439</u>	<u>15,332</u>
Total Revenue		145,371	143,241
Less Expenses			
Race Meeting Costs & Expenses	1.1		
Stakes		77,000	73,000
Tote Costs & Venue Service Fees		11,329	13,194
Advertising		79	924
Promotions		759	758
Race day Services		5,868	5,328
Race day Wages		3,024	3,673
Bar & Function Expenses		1,819	1,523
Track & Facility Rental		8,500	3,750
		<u>108,378</u>	<u>102,150</u>
Other Operating Expenses	1.3		
Management/Administration Fees		9,000	12,120
Audit Fees		450	425
Unrealised loss on Investments		3,454	-
Printing, Levies & Fees		2,452	566
Committee Expenses		1,494	311
		<u>16,850</u>	<u>13,422</u>
Total Expenses		125,228	115,572
Surplus		<u>\$ 20,143</u>	<u>\$ 27,669</u>

The Beaumont Racing Club Incorporated
Statement of Financial Position
As at 31 July 2016

	Note	Actual 2016 \$	Actual 2015 \$
Accumulated Income			
Accumulated Income		141,500	121,357
Total Accumulated Funds		<u>\$ 141,500</u>	<u>\$ 121,357</u>
CURRENT ASSETS			
ASB Current Account	3	35,253	13,315
ASB Savings Account	3	28,788	28,284
Trade Receivable	4	1,600	830
GST Receivable	4	7,259	6,487
		<u>72,900</u>	<u>48,916</u>
INVESTMENTS			
International Shares	5	65,842	69,296
Advance - Gallop South	5	3,334	3,334
		<u>69,176</u>	<u>72,630</u>
LESS			
CURRENT LIABILITIES			
Interest in Advance	6	115	189
Accounts Payable	6	461	-
		<u>576</u>	<u>189</u>
NET ASSETS		<u>\$ 141,500</u>	<u>\$ 121,357</u>


12/12/16

The Beaumont Racing Club Incorporated
Statement of Cash Flows
For the Year Ended 31 July 2016

	Note	2016	2015
		\$	\$
Cash Flows from Operating Activities			
Cash was received from:			
Industry Profit Distribution & Other Race Meeting Receipts		133,015	123,111
Dividends Received		345	938
Grants Received		10,000	5,000
Interest Received		690	375
Fees, Subscriptions & Other Receipts from Members		478	504
		<u>144,528</u>	<u>129,328</u>
Cash was applied to:			
Net GST paid/(received)		773	(372)
Payments to Suppliers & Employees		121,315	115,572
		<u>122,088</u>	<u>115,200</u>
		22,442	14,128
Net Cash Flows to Investing Activities			
Net Increase in Cash Held		22,442	14,128
Cash at the Beginning of the Year		41,599	27,471
Cash at the end of the Year		<u>\$ 64,041</u>	<u>\$ 41,599</u>
This is represented by:			
Cash & Bank Balances	3	<u>\$ 64,041</u>	<u>\$ 41,599</u>

The Beaumont Racing Club Incorporated
Statement of Accounting Policies
For the Year Ended 31 July 2016

1. Statement of Accounting Policies

Reporting Entity

Beaumont Racing Club Incorporated is a club, which is registered under the Incorporated Societies Act 1908.

Statement of Compliance and Basis of Preparation

Beaumont Racing Club Incorporated is eligible to apply Tier 3 Accounting Standards: PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit), on the basis that it does not have the public accountability and has total annual expenses of equal to or less than \$2,000,000. The club has elected to report in accordance with PBE SFR-A (NFP). All transactions in the Performance Report are reported using the accrual basis of accounting.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a 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 round to the nearest dollar.

The Performance Report is prepared under the assumption that the entity 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 earned, except for subscriptions which are recorded in the year they are received.
- b) **Expenses**
Expenses have been classified on their business function.
- c) **Trade Receivables**
Trade Receivables are recognised at estimated realisable value.
- d) **Income Tax**
The Club is an Incorporated Society and is exempt from Income tax.
- e) **Investments**
Investments are initially recorded at cost less any impairment losses to market value. Gains and losses arising on restating to market values are recorded in the statement of financial performance.

f) Goods and Services Taxation (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. The club is registered for GST.

g) Accounts Payable

All creditors are current trade creditors, normally settled within 30 days.

h) 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.

i) Change in Classification

Certain income and expense items have been reclassified in 2016 compared to prior years with the 2015 comparative figures being reclassified on the same basis. This has not changed the surplus in 2015.

THE BEAUMONT RACING CLUB (INCORPORATED)
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 JULY 2016

1 REVENUES AND DIRECT COSTS AND EXPENSES

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 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.

	2016	2015
	\$	\$
1.1 Race meeting revenues and expenses		
On course Commissions	4,470	7,057
Fixed Odd Betting	-	197
Meeting Payment	15,000	31,500
NZTR Bulk Payments	67,000	63,000
Country Cup	10,000	10,000
Racing Compliance	5,000	-
Venue	12,500	-
Governance NZTR	10,000	-
Admission Fees	260	470
Grants Received	10,000	5,000
Sponsorship	9,602	9,738
Bar Income	-	165
Site Fees	100	225
Sundry Income	-	76
Marquee/Function Income	-	304
Jockeys Café	-	177
Total race meeting revenues	<u>143,932</u>	<u>127,909</u>
Stakes	77,000	73,000
NZRB Service Fee	6,842	8,788
NZTR Race Meeting Charges	2,500	2,500
Tote Cost	1,987	1,906
Press	-	122
Radio	-	750
Posters/Brochures/Postcards	-	52
Race meeting Tickets	79	-
Public Activities/Entertainment	759	758
Photo Finish	465	465
Fartier	350	400
Judge & Runners	215	200
Clerks of the Course	507	507
Clerk of the Scales	486	486
Brands and Markings	419	-
Starting Gates -Rent	1,500	1,200
Trophies and Prizes	711	870
Race book Printing	1,215	1,200
Security (B'Case & Functions)	219	315
Starting Gates (Wages & Travel)	2,755	2,708
Sundry - Wages & Staff Payment	50	651
Committee (Bar)	677	683
Committee (Catering)	-	234
Sponsors Expenses (Catering)	772	106
Marquee/Furniture/Fitting Hire	-	84
Sundry	120	130
Jockeys Café	-	101
Owners Drinks Tickets	250	184
Track & Facility Rental	8,500	3,750
Total race meeting costs & expenses	<u>108,378</u>	<u>102,150</u>
Net race meeting surplus	<u>35,554</u>	<u>25,759</u>

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 required 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.

RACING OTAGO - An alliance of the Otago District Racing Clubs was established in November 2001. With Gallop South being introduced the activities of Racing Otago have been minimised. Their only activity now is the ownership and maintenance of the starting gates.

	2016 \$	2015 \$
1.2 Other operating Income		
Membership Subscriptions	478	504
Racing Otago Wash Up	-	473
Dividends	345	338
	<u>823</u>	<u>1,315</u>

1.3 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.

	2016 \$	2015 \$
Management/Administration Fees	9,000	12,120
Audit Fees	450	425
Unrealised loss on Investments	3,454	-
General Expenses	2,218	286
Advertising	64	138
Members Ticket Printing	72	-
Bank Fees	40	40
ACC Levies	58	102
Committee Expenses	1,494	311
	<u>16,850</u>	<u>13,422</u>

2 FINANCE INCOME AND COSTS

	2016 \$	2015 \$
Finance revenue		
Interest	616	375
	<u>616</u>	<u>375</u>

3 CASH AND CASH EQUIVALENTS

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances.

	2016 \$	2015 \$
Cash in Bank		
ASB Current Account	35,253	13,315
ASB Savings Account	28,788	28,284
	<u>64,041</u>	<u>41,599</u>

4 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 be not collected.

	2016 \$	2015 \$
Trade Receivable	1,600	830
GST Receivable	7,259	6,487
	<u>8,859</u>	<u>7,317</u>

5 INVESTMENTS

Investments are recognised upon purchase and initially measured at the amount paid. The Clubs Investments are Units listed on stock exchanges and cash balances. Investments are managed by Craig Investment Partners.

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 in 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.

Gallop South Inc. - The Club has contributed \$3,334 towards the working capital of Gallop South Inc.

	2016 \$	2015 \$
International Shares	65,842	69,296
Advance - Gallop South	3,334	3,334
	<u>69,176</u>	<u>72,630</u>

6 **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.

	2016	2015
	\$	\$
Interest in Advance	115	189
Accounts Payable	461	-
	<u>576</u>	<u>189</u>

7 **COMMITMENTS AND CONTINGENCIES**

There are no known contingent liabilities or commitments outstanding at balance Date (2015:NIL)

8 **RELATED PARTIES**

There are no significant transactions that were on terms and conditions that are likely to be different from the terms and conditions of transactions in normal circumstances, involving related parties during the financial year. (2015-NIL)

9 **COMMITMENTS**

The Club has no commitments as at 31 July 2016 (2015:NIL)

10 **EVENTS SINCE BALANCE DATE**

There have been no events since 31 July 2016 that would have a material impact on these financial statements.

Independent Auditors' Report

to the members of The Beaumont Racing Club Incorporated

Report on the Financial Statements

We have audited the financial statements of The Beaumont Racing Club Incorporated which are included in the performance report on pages 5 to 13. The performance report comprises the entity information, the statement of financial position as at 31 July 2016, the statement of service performance, statement of financial performance and statement of cash flows for the year then ended, and the notes to the financial and other statements that include a summary of significant accounting policies and other explanatory information.

Committee's Responsibility for the Financial Statements

The Committee Members are 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) for the preparation and fair presentation of the performance report which comprises the entity information, the statement of financial performance, statement of financial position, statement of cash flows, and notes to the performance report that include the accounting policies and other explanatory information, in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and
- (c) for such internal controls as the Committee considers are necessary to enable the preparation of performance report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Club's preparation of financial statements that present fairly the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other than in our capacity as auditors we have no relationship with, or interests in, The Beaumont Racing Club Incorporated.

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to obtain sufficient evidence concerning revenues from admission fees, donations, sponsorship and similar income as described in the Basis for Qualified Opinion paragraph, the financial statements on pages 5 to 13 included in the performance report present fairly, in all material respects, the financial position of the Club as at 31 July 2016, and its financial performance and cash flows for the year ended on that date in accordance with the stated accounting policies disclosed in the financial statements.



Chartered Accountants
12 December 2016

Dunedin