

Waikouaiti Racing Club Incorporated

Performance Report

For the Year Ended 31 July 2016

Walkouaiti Racing Club Incorporated

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For the Year Ended 31 July 2016**

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Waikouaiti Racing Club Incorporated
Entity Information
As at 31 July 2016

Waikouaiti 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 226954

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
Dunedin

IRD Number 011 164 552

Waikouaiti 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.

**Waikouaiti 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.

Waikouaiti 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 Waikouaiti Racecourse, Otago. 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

Waikouaiti Racing Club Incorporated
Statement of Race Meeting Performance
for the Year Ended 31 July 2016

JANUARY RACE MEETING	Note	Actual 2016 \$	Actual 2015 \$
Operating Revenue			
Totalisator Commission etc.		14,669	28,459
NZTR Distributions		131,500	131,750
Admission Fees		21,733	19,955
Sponsorship		10,478	8,324
Racebook Sales		3,213	3,303
Marquee Sales, Site Fees		2,816	1,026
Gross Surplus from Trading	1.1	<u>184,409</u>	<u>192,816</u>
Less Direct Costs			
Stakes		89,000	101,750
Tote Costs & Venue Service Fees		26,197	25,440
Total Direct Costs		<u>115,197</u>	<u>127,190</u>
Gross Surplus		69,212	65,626
Less Expenses			
Advertising		787	1,161
Promotions		5,015	4,296
Race day Services		12,622	10,770
Race day Wages		5,296	5,474
Bar & Function Expenses		4,354	3,837
Total Expenses		<u>28,073</u>	<u>25,537</u>
Surplus	1.1	41,138	40,089

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

Waikouaiti 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		
Totalisator Commission etc.		14,669	28,459
NZTR Distributions		131,500	131,750
Admission Fees		21,733	19,955
Racebook Sales		3,213	3,303
Sponsorship		10,478	8,324
Marquee Sales, Site Fees		2,816	1,026
		<u>184,409</u>	<u>192,816</u>
Other Operating Income	1.2		
Membership Subscriptions		800	870
Rentals		8,504	10,063
Finance Revenue			
Interest		2,410	2,543
		<u>11,714</u>	<u>13,476</u>
Total Revenue		196,123	206,292
Less Expenses			
Race Meeting Costs & Expenses	1.1		
Stakes		89,000	101,750
Tote Costs & Venue Service Fees		26,197	25,440
Advertising		787	1,161
Promotions		5,015	4,296
Race day Services		12,622	10,770
Race day Wages		5,296	5,474
Bar & Function Expenses		4,354	3,837
		<u>143,271</u>	<u>152,727</u>
Other Operating Expenses	1.3		
Management/Administration Fees		10,000	12,120
Audit Fees		475	475
Levies, Fees, Telephone, Electricity, Insurance		5,035	5,628
Insurance		3,079	3,346
Caretaker Wages		7,415	6,860
Depreciation		6,249	6,420
Repairs & Maintenance		7,573	15,874
Rates		3,933	4,279
Committee Expenses		276	786
		<u>44,035</u>	<u>55,787</u>
Total Expenses		187,306	208,514
Surplus/(Deficit)		<u>\$ 8,817</u>	<u>\$ (2,222)</u>

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

	Note	Actual 2016 \$	Actual 2015 \$
Accumulated Income			
Accumulated Income	2	329,527	320,710
Total Accumulated Funds		<u>\$ 329,527</u>	<u>\$ 320,710</u>
Represented by:			
Current Assets			
ASB Cheque Account	3	18,159	8,057
ASB Call Account	3	8,676	8,542
Heartland Saver Account	3	19,754	19,214
Investment - Westpac Term Deposit		40,920	40,100
Trade Receivable	4	4,030	6,063
GST Refund Due	4	2,163	2,440
Total Current Assets		<u>93,702</u>	<u>84,416</u>
Non Current Assets			
Property, Plant & Equipment	11	234,252	240,501
Advance - Gallop South	5	3,334	3,334
Total Non Current Assets		<u>237,586</u>	<u>243,835</u>
Total Assets		331,288	328,251
Current Liabilities			
Accounts Payable	6	568	431
Interest In Advance	6	193	1,110
Loan from Waikouaiti Trotting Club	7	-	5,000
		761	6,541
Term Liability			
J O Douglass Trophy Fund	7	1,000	1,000
Total Liabilities		<u>1,761</u>	<u>7,541</u>
Net Assets		<u>\$ 329,527</u>	<u>\$ 320,710</u>

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

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Industry Profit Distribution & Other Race Meeting Receipts		194,995	202,801
Subscriptions & Other Receipts from Members		800	870
Interest Receipts		1,494	3,322
		<u>197,289</u>	<u>206,993</u>
Cash was applied to:			
Net GST received		(277)	(1,974)
Payments to Suppliers & Employees		181,236	208,600
		<u>181,513</u>	<u>208,626</u>
Net Cash Flows from Operating Activities		15,776	367
Cash Flows from Investing Activities			
Cash was applied to:			
Repayment of loan borrowed from Waikouaiti Trotting Club		5,000	5,000
		<u>5,000</u>	<u>5,000</u>
Net Cash Flows (to) Investing Activities		(5,000)	(5,000)
Net Increase/(Decrease) in Cash Held		10,776	(4,633)
Cash at the Beginning of the Year		35,813	40,446
Cash at the end of the Year		<u>\$ 46,589</u>	<u>\$ 35,813</u>
This is represented by:			
Cash & Bank Balances	3	<u>\$ 46,589</u>	<u>\$ 35,813</u>

**Waikouaiti Racing Club Incorporated
Statement of Accounting Policies
For the Year Ended 31 July 2016**

Reporting Entity

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

Statement of Compliance and Basis of Preparation

Waikouaiti 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 recognised in the year 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) **Property, Plant and Equipment**
Property, Plant and Equipment are stated at cost less depreciation and any impairment losses. Depreciation is 2-5% straight line on buildings and 10-12% diminishing value on plant and equipment.

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 normally settled within 30 days after balance date.

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.

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.

Waihouiti Racing Club
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 state 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	14,669	28,459
Meeting Payment	15,000	30,000
NZTR Bulk Payments	79,000	91,750
Event Funding	5,000	-
Country Cup	10,000	10,000
Racing Compliance	5,000	-
Venue	7,500	-
Governance NZTR	10,000	-
Admission Fees	21,733	19,955
Sponsorship	10,478	8,324
Racebook Sales	3,213	3,303
Site Fees	1,950	478
Marquee/Function Income	609	530
Jockeys Café	257	17
Total race meeting revenues	<u>184,409</u>	<u>192,816</u>
Stakes	89,000	101,750
NZRB Service Fee	11,000	11,000
NZTR Race Meeting Charges	2,500	2,500
Tote Cost	12,697	11,940
Press	787	1,161
Public Activities/Entertainment	976	250
Music	522	800
Interislander Summer Festival	3,518	3,246
Photo Finish	690	740
Plumber	-	120
Farrier	770	639
Judge & Runners	460	440
Clerks of the Course	1,113	1,107
Clerk of the Scales	546	546
Plate Inspector	443	435
Brands and Markings	458	534
Starting Gates -Rent	1,500	1,200
Trophies and Prizes	405	220
Race book Printing	4,230	3,183
Cleaning	2,007	1,606
Security (B' Cage & Functions)	625	720
Starting Gates (Wages & Travel)	3,118	2,877
Sundry - Wages & Staff Payment	1,552	1,877
Sponsors Expenses (Bar)	373	183
Sponsors Expenses (Catering)	234	267
Marquee/Furniture/Fitting Hire	2,375	1,990
Event Equipment Hire (Fencing)	497	-
Sundry	470	1,207
Jockeys Café	303	190
Owners Drinks Tickets	102	-
Total race meeting costs & expenses	<u>143,271</u>	<u>152,727</u>
Net race meeting surplus	<u>41,138</u>	<u>40,089</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.

	2016	2015
	\$	\$
1.2 Other operating income		
Membership Subscriptions	800	870
Rentals Received	7,000	7,500
Rent & Lease from Others	1,504	-
Grazing	-	1,150
Sundry	-	1,413
	<u>9,304</u>	<u>9,520</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	10,000	12,120
Audit Fees	475	475
General Expenses	480	19
Advertising	-	131
Members Ticket Printing	268	-
Bank Fees	63	40
ACC Levies	77	127
Insurance	3,079	3,346
Subscriptions & Donations	-	130
Legal & Other Professional	-	-
Telephone & Tolls	957	1,288
Electricity	2,766	3,213
Health & Safety	424	179
Cleaning	-	500
Caretakers Wages	7,415	6,860
Depreciation	6,249	6,420
R&M - Equipment & Vehicles	3,211	4,306
R&M - Ground & Others	3,742	2,446
R&M Buildings	620	9,122
Rates	3,933	4,279
Committee Expenses	276	319
Travel & Meeting Costs	-	467
	<u>44,035</u>	<u>55,787</u>

2 ACCUMULATED INCOME

	2016	2015
	\$	\$
Opening Balance	320,710	322,931
Surplus/(Deficit) for the Year	8,817	(2,222)
Closing Balance	<u>329,527</u>	<u>320,710</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 Cheque Account	18,159	8,057
ASB Call Account	8,676	8,542
Heartland Saver Account	19,754	19,214
	<u>46,589</u>	<u>35,813</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. The Club's receivables are normally collectible within 30 days.

	2016	2015
	\$	\$
Trade Receivable	4,030	6,063
GST Refund Due	2,163	2,440
	<u>6,193</u>	<u>8,503</u>

5 **ADVANCE - GALLOP SOUTH**

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

	2016	2015
	\$	\$
Advance - Gallop South	<u>3,334</u>	<u>3,334</u>
	<u>3,334</u>	<u>3,334</u>

The loan is unsecured, interest free, with no final term of repayment

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
	\$	\$
Accounts Payable	568	431
Interest In Advance	<u>193</u>	<u>1,110</u>
	<u>761</u>	<u>1,541</u>

7 **LOANS AND BORROWINGS**

Loans and borrowings represent amounts borrowed by the Club from various entities. These are measured at the amount received from the lender.

	2016	2015
	\$	\$
Walkouatd Trotting Club	<u>0</u>	<u>5,000</u>
	<u>0</u>	<u>5,000</u>
Term Liability		
J O Douglass Trophy Fund	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>

8 **COMMITMENTS AND CONTINGENCIES**

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

9 **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. (Las year-NIL)

10 **SUBSEQUENT EVENTS**

There have been no significant events since 31 July 2016 that would materially impact these financial statements.

11. Property, Plant & Equipment

Property, plant and equipment is measured initially at costs which includes expenditure that is directly attributed 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 be exist usually indicated when the asset 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 adjusted to the value of the asset and recognised in the statement of financial performance.

	COST			ACCUML		DEPN		CLOSING BALANCE	AMOUNT SOLD	GAIN/(LOSS) ON DISPOSAL	BOOK VALUE CURRENT YEAR	BOOK VALUE LAST YEAR
	OPENING BALANCE	ADDITIONS	DISPOSALS	OPENING BALANCE	CURRENT YR DEPN	DEPN ON DISPOSALS	DEPN ON DISPOSALS					
LAND	35,000			0	0	0	0	0			35,000	35,000
TRACK IMPROVEMENTS	35,000			0	0	0	0	0			35,000	35,000
1998	29,046			29,046				29,046			29,046	29,046
1999	30,372			30,372				30,372			30,372	30,372
2000	9,012			9,012				9,012			9,012	9,012
	68,430			68,430				68,430			68,430	68,430
BUILDINGS												
Totes and Stable Area	92,141			92,141	12 2.50% CP			82,731			9,410	11,714
Totes (3 New)	2,160			2,160	12 2.50% CP			1,022			1,138	1,192
Grandstand	14,533			14,533	12 2.00% CP			14,533			0	0
Stewards Grandstand	35,555			35,555	12 1.00% CP			16,139			19,416	19,772
Tote Building (January 1998)	1,600			1,600	12 2.50% CP			668			897	937
New Swab Building (2011)	24,159			24,159	12 2.00% CP			2,174			21,502	21,985
New Medical Room (2011)	12,857			12,857	12 2.00% CP			1,071			11,699	11,286
New Tote Building (Dec 2011)	6,300			6,300	12 2.00% CP			452			5,722	5,846
2008 Steward Stand (Dec 2008)	43,639			43,639	12 2.00% CP			5,529			37,237	38,110
New Stable Block Quarter share (Nov 15	51,143			51,143	12 2.00% CP			353			10,567	10,790
	243,587	0	0	243,587		4,705	0	126,658			116,929	121,634
PLANT AND EQUIPMENT												
TV Repeater (Sep 07)	1,975			1,975	12 10% DV			1,975			0	0
General Plant (No previous Spec)	16,097			16,097	12 10% DV			15,057			1,040	1,156
Tractor C/W Front End Loader & Cab	21,500			21,500	12 10% DV			18,955			2,545	2,828
Security Fencing	2,120			2,120	12 10% DV			942			1,060	1,178
Umbrellas	2,557			2,557	12 10% DV			1,126			1,279	1,421
Husqvarna 255R Grass Trimmer	769			769	12 10% DV			612			141	157
Tractor & Mower (March 2012)	12,446			12,446	12 10% DV			3,751			7,826	8,695
Irrigation Equipment	1,123			1,123	12 10% CP			1,123			0	0
	58,587	0	0	58,587		1,544	0	44,696			13,892	15,435
TOTAL ASSETS	405,604	0	0	405,604		6,249	0	171,354			234,252	240,501

The most recent rateable value of the property is: Land \$235,500, Improvements \$249,000. Total \$483,500

Independent Auditors' Report

to the members of Waikouaiti Racing Club Incorporated

Report on the Financial Statements

We have audited the financial statements of Waikouaiti Racing Club Incorporated which are included in the performance report on pages 5 to 14. 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, Waikouaiti 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 14 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
9 December 2016

Dunedin