



Christchurch Greyhound Racing Club (Inc)

Financial Statements 31 July 2016

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Statement of comprehensive revenue and expense
For the year ended 31 July 2016

	Note	2016 \$	2015 \$
Revenue			
Race meeting revenues	2.1	4,495,721	4,441,170
Other operating revenue	2.2	3,160	3,460
Finance income	4.1	39,481	48,814
Other income		4,486	3,897
Total operating revenue		<u>4,542,838</u>	<u>4,497,331</u>
Expenses			
Race meeting costs and expenses	2.1	4,150,495	4,064,006
Other operating expenses	3	386,408	374,387
Total operating and other expenses		<u>4,536,903</u>	<u>4,438,394</u>
Net operating surplus / (deficit)		<u>5,934</u>	<u>58,938</u>
Other gains / losses			
Other losses	5.1	(9,078)	(5,946)
Total other gains / (losses)		<u>(9,078)</u>	<u>(5,946)</u>
Net surplus / (deficit) for the year		<u>(3,144)</u>	<u>52,992</u>
Net surplus / (deficit) attributable to:			
Christchurch Greyhound Racing Club (Inc)		(3,144)	52,992
Net surplus / (deficit) for the year		<u>(3,144)</u>	<u>52,992</u>
Total comprehensive revenue and expense for the year		<u>(3,144)</u>	<u>52,992</u>
Total comprehensive revenue and expense attributable to:			
Christchurch Greyhound Racing Club (Inc)		(3,144)	52,992
Total comprehensive revenue and expense for the year		<u>(3,144)</u>	<u>52,992</u>

The above statement of comprehensive revenue and expense should be read in conjunction with the accompanying notes.

Statement of net assets/equity
For the year ended 31 July 2016

Note	Accumulated comprehensive revenue & expense	Total equity
	\$	\$
Balance as at 1 August 2014	2,029,237	2,029,237
Net surplus/(deficit) for the year	52,992	52,992
Balance as at 31 July 2015	2,082,228	2,082,228
Net surplus/(deficit) for the year	(3,144)	(3,144)
Balance as at 31 July 2016	2,079,084	2,079,084

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of financial position
As at 31 July 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	6	151,462	117,002
Receivables from exchange transactions	7	59,679	64,108
Receivables from non-exchange transactions	7	35,031	40,771
Other current assets	9	8,358	8,153
Total current assets		254,530	230,033
Non-current assets			
Property, plant and equipment	10	918,270	852,974
Term deposits	8	1,003,784	1,102,154
Total non-current assets		1,922,054	1,955,128
Total assets		2,176,584	2,185,161
Current liabilities			
Payables under exchange transactions	11.1	77,929	90,558
Employee entitlements	11.2	6,856	-
Other current liabilities		12,714	12,375
Total current liabilities		97,500	102,933
Total liabilities		97,500	102,933
Net assets		2,079,084	2,082,228
Net assets/equity attributable to:			
Christchurch Greyhound Racing Club (Inc)		2,079,084	2,082,228
Total equity		2,079,084	2,082,228

Chris Earl
CHRIS EARL
CHAIRMAN
2/11/2016

Tony Music
Tony Music
Manager
2/11/16

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

Statement of cash flows
As at 31 July 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Cash was received from:			
Receipts from race meeting revenue		4,092,654	4,082,632
Donations, fundraising and other similar receipts		402,184	370,968
Fees, subscriptions and other receipts from members		2,503	4,140
Receipts from providing goods or services		163	5,499
Net GST refund		5,740	-
Cash was applied to:			
Payments to suppliers and employees		(4,483,153)	(4,372,899)
Net GST paid		-	(9,056)
Donations or grants paid		(500)	(1,131)
Net cash flows from operating activities		19,591	80,153
Cash flows from investing activities			
Cash was received from:			
Proceeds from disposal of property, plant and equipment		501	-
Proceeds from disposal of other financial assets		98,370	
Interest received		49,763	45,715
Cash was applied to:			
Payments for purchase of property, plant and equipment		(133,765)	(41,815)
Payments for purchase of other financial assets		-	(44,308)
Net cash flows from investing activities		14,869	(40,408)
Net Increase / (Decrease) in Cash & Cash Equivalents		34,459	39,745
Opening Cash & Cash Equivalents		117,002	77,257
Closing Cash & Cash Equivalents	6	151,462	117,002
This is represented by:			
Cash on hand		2,000	2,000
Cash in bank		149,462	115,002
Cash and cash equivalents at end of the period	6	151,462	117,002

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

Notes to the financial statements
For the year ended 31 July 2016

1. BASIS OF PREPARATION

Reporting entity

Christchurch Greyhound Racing Club (Inc) (henceforth, "the Club") is incorporated under the Incorporated Societies Act 1908. The primary objective of the Club is to promote and conduct greyhound racing and is registered with the Greyhound Racing New Zealand Code ("the Code") consistent with the Code's constitution. The Club is a recognised Industry organisation in accordance with the Racing Act 2003.

The financial statements presented are for the Club for the year ended 31 July 2016 and were authorised for issue by the Chairman and the Board on 2 November 2016.

Statement of compliance

The financial statements have been prepared in accordance with the Racing Act 2003, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

As the primary objective of the Club is not towards making financial returns but the promotion and conduct of greyhound racing, it has designated itself as a not-for-profit public benefit entity (PBE) for financial reporting purposes.

The Club has elected to report in accordance with the PBE accounting standards on the basis that it is not publicly accountable and not considered large for financial reporting purposes.

The financial statements of the Club comply with the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for not-for-profit entities and disclosure concessions have been applied.

Measurement basis

The financial statements have been prepared on a historical cost basis, with the exception of certain items for which specific accounting policies have been identified. The financial statements are presented in New Zealand dollars (rounded to the nearest \$NZ) which is also the Club's functional currency.

Going concern

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

Changes in accounting policies

Effect of first time adoption of PBE standards RDR

This is the first set of annual financial statements prepared in the accordance with the PBE standards RDR. The Club has previously reported in accordance with Old GAAP.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard RDR are different to the requirements under the previous reporting standards as outlined in the following section. All changes in accounting policies (and retrospective adjustments resulting from these changes) have arisen purely due to initial application of PBE standards RDR.

The Club has applied the guidelines under PBE FRS 47, *First-time adoption of PBE standards by entities other than those previously applying NZ IFRSs* in transitioning to the PBE standards RDR. PBE FRS 47 requires retroactive application of the PBE standards RDR. This means that both opening balances and comparative figures are adjusted to reflect what the Club would have reported in previous years had it applied PBE standards RDR for those years.

Details of changes in the comparative figures and opening balances, if any, as a result of adoption of the PBE standards RDR are discussed in note 16 (including correction of prior period errors).

The changes to accounting policies and disclosures caused by first time application of PBE standards RDR are as follows:

PBE IPSAS 1, Presentation of financial statements

Statement of cash flows

In the financial statements of the previous financial year, the Club has availed of the differential reporting concessions not to present a Statement of cash flows.

Under PBE IPSAS 1, the Statement of cash flows form part of a full set of financial statements and are required to be presented on a comparative basis. Hence, the Club presented a statement of cash flows in the current year's financial statements including comparative information.

Receivable from non-exchange transaction

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

Taxes and payables from non-exchange transactions and Payables under exchange transactions

In the financial statements of the previous financial year, trade payables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires payables on taxes and transfers (including any deferred revenue from non-exchange transactions with attached conditions) and payables under exchange / trade transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative payables figures.

The above changes represent minor presentation differences between PBE IPSAS 1 and the equivalent standard previously applied by the Club and did not require a change in the policy with respect to measurement and recognition requirements except as discussed in the following sections. Please refer to note 16 for details of changes made on opening balances and comparative figures as a result of adoption of this PBE standard.

PBE IPSAS 23, Revenue from non-exchange transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions which has no equivalent in the previous reporting framework. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. The recognition and measurement of revenues from non-exchange transactions differ compared to the recognition and measurement criteria for an exchange transaction which is broadly similar with the revenue recognition and measurement criteria under NZ IAS 18.

Under PBE IPSAS 23, revenue from non-exchange transaction is recognised as soon as the inflow of resources can be recognised as an asset in the financial statements, unless the inflow of resources meets the definition of and recognition criteria for a liability representing a present obligation for the receiving entity. A present obligation exists when there is a condition attached to the resources received that requires the entity to use the resources as specified by the transferor or return the same if the entity does not perform as specified.

The change involves identification of the nature of the transactions giving rise to revenues either as exchange or and non-exchange; the recognition and measurement criteria shall then be applied depending on the nature of the transaction. This assessment shall be applied both on the current year and for comparative information. As further discussed in note 2 below, the Club has identified certain types of revenues from non-exchange transactions and has presented the same separately in the financial statements as required by PBE IPSAS 1 and PBE IPSAS 23.

The Club has assessed, however, that the adoption of PBE IPSAS 23 did not result to any material re-measurement of any non-exchange revenues recognised in prior periods including any present obligation attached thereto. Hence, there have been no restatements of opening balances with respect to these items as required by the PBE Standards RDR.

PBE IPSAS 17, Property, plant and equipment

PBE IPSAS 17 requires depreciable assets measured using the cost model to be depreciated using the appropriate accounting depreciation rates based on the rational pattern of use of such assets. Under the differential reporting framework, the Club has the option to use tax depreciation rates for such assets as published and issued by the Inland Revenue Department. The impact of the change will be the allocation of the remaining net book value of the assets from the first date of adoption of the PBE standards should the accounting depreciation rates significantly differ with the tax depreciation rates.

The Club has reviewed its depreciation policy and has assessed that the rates previously used either represent the useful life of the assets based on their reasonable pattern of use or are not significantly different with their accounting depreciation rates. On this basis, the Club has retained the depreciation rates used in the previous year and will perform regular reassessment of useful life as required by PBE IPSAS 17. Details of accounting depreciation rates used per class of asset are discussed in note 10 of the financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of the Club's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The judgements, estimates and assumptions are evaluated on a regular and continuing basis, including expectations of future events, to a reasonable extent to assess their implication on reported revenues, expenses, assets, liabilities and disclosures in the financial statements.

In the process of applying the Club's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

• **Classification of non-financial assets as cash generating assets or non-cash-generating assets**

For the purpose of assessing impairment indicators and impairment testing, the Club classifies non-financial assets as either cash-generating or non-cash-generating assets. The Club classifies a non-financial asset as cash-generating asset if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment, investment property and intangible assets held by the Club are classified as cash-generating assets as the cash flows generated through the use of these assets are generally sufficient to represent commercial return on the assets and considering that they are primarily used for the Club's main revenue generating activities. The Club has no non-financial assets classified as non-cash generating assets.

- Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- Impairment of property, plant and equipment and intangible assets

The Club performs impairment testing with respect to its property, plant and equipment and intangible assets. In determining whether impairment exists, the carrying value of an asset (other than property, plant and equipment measured using the revaluation model) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the forecasted / budgeted cash flows for the next five years and do not include restructuring activities that the Club is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Further details are provided under note 10.

- Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Club
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Further details are provided under note 10.

Income taxes

The Club is exempt from New Zealand income tax pursuant to section CW 47(2) of the Income Tax Act 2007.

2. REVENUES AND DIRECT COSTS & EXPENSES

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Club and it can be reliably measured, regardless of when the payment is being made. 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.

Revenues are classified as to whether they arise from an exchange or non-exchange transactions. An exchange transaction is one in which the Club provides assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange and includes sale of goods, rendering of services and charges for the use of the Club's assets (e.g., interest and dividends). The Club recognises revenue from exchange transactions when the revenue recognition criteria mentioned above are satisfied.

A non-exchange transaction is any other transaction not classified as exchange. The Club's revenue recognition criteria are detailed in note 2.3 below.

2.1 Race meeting revenue and expenses

Race meeting revenues comprise the amounts received or receivable for services provided and goods sold that directly relate to race meeting events conducted by the Club during the financial year. These primarily include industry distributions from the New Zealand Racing Board (NZRB) and the Code and other receipts that directly relate to the Club's race meeting activities from members of the Club (aside from membership fees included in other operating income) and third parties in the form of grants and subsidies. The Club recognises the revenue streams, apart from gaming grants and sponsorship, at the completion of each race meeting or trial. Gaming grants are applied for in advance to cover rent payable to Addington Raceway and are recognised when the funds are received. Evidence is provided back to the provider to ensure the correct application of the funds. Sponsorship invoices are issued either in advance or after the corresponding race meetings. Recognition of sponsorship income will depend on whether it is an invoice to cover the whole season or relate to specific race meetings such as the New Zealand cup. Conditions of sponsorship may include naming rights for races and signage.

The Club incurred certain direct costs and expenses in conducting its race meeting days and recognises these as costs and expenses when incurred regardless of when the payment is made unless they qualify for recognition as asset. Direct costs and expenses on race meeting days are presented below excluding salaries and wages and depreciation expenses which are included as part of other operating expenses in note 3.

Note	2016 \$	2015 \$
Race meeting revenue	3,956,551	3,914,835
On-course totalisator income	43,133	64,047
Other subsidies, grants and donations	12,987	14,953
Gaming grants	63,750	41,850
Subsidies and other revenues relating to race day	325,447	314,165
Race meeting sponsorships	42,557	44,698
Bar sales (race meeting days related)	13,499	10,852
Trials	37,797	35,770
Total race meeting revenues	4,495,721	4,441,170
Stakes	3,289,956	3,235,196
Course venue charges	207,700	207,700
Advertising and promotions	14,850	15,758
Direct race meeting operating costs	283,946	284,033
Track maintenance, repairs and set-up	58,758	31,269
Other race meeting costs	48,891	54,338
Salaries and wages (direct)	246,395	235,713
Total race meeting costs & expenses	4,150,495	4,064,006
Net race meeting surplus/(deficit)	345,225	377,164

2.2 Other operating revenue

	Note	2016 \$	2015 \$
Members subscriptions and other fees		3,150	3,450
Total other operating revenue		3,150	3,450

2.3 Revenue from non-exchange transactions

Revenue from a non-exchange transaction is recognised as soon as the inflow of resources can be recognised as an asset in the financial statements but only to the extent that no present obligation is recognised with respect to the asset received/receivable. A present obligation exists when there is a condition attached to the asset received that requires the Club to use the resources as specified by the transferor or return the same if the condition is not satisfied.

An asset acquired through a non-exchange transaction (e.g., cash, goods, inventory, or property, plant and equipment) is initially measured at its fair value as at the date of acquisition consistent with the fair value basis applicable for each type of asset received (note 6 for cash and note 10 for property, plant and equipment). Revenue from non-exchange transaction is measured on the basis of the value of the asset received less any present obligation attached as of the date of transfer.

The Club's revenues from exchange and non-exchange transactions are detailed in the following table.

	Note	2016 \$	2015 \$
Other subsidies, grants and donations		338,434	329,118
Gaming subsidies and other revenues		66,900	45,300
Other non-exchange revenues		-	-
Total non-exchange revenues		405,334	374,418
Race meeting revenue		3,956,551	3,914,835
On-course totalisator income		43,133	64,047
Race meeting sponsorships		42,557	44,698
Bar sales (race meeting days related)		13,499	10,852
Other Income		4,486	3,897
Finance Income		39,481	48,814
Trials income		37,797	35,770
Total exchange revenues		4,137,504	4,122,913
Total revenues		4,542,838	4,497,331

Any outstanding liability recognised with respect to assets acquired through non-exchange transactions as of balance date is detailed in note 11.

The Club also receives services in kind from members and external parties and although these are greatly valued, such types of revenues are usually difficult to measure. As such, these revenues are not included in the Club's financial statements.

3. OTHER OPERATING EXPENSES

Costs and expenses relating to the overall costs of running the Club include staff time, office space, rental, information technology and asset costs. These are recognised as incurred and are presented in the table below. This includes portion of salaries and wages and depreciation and amortisation expenses incurred in relation to the revenues generated by the Clubs; all other direct costs and expenses are presented in note 2.

	Note	2016 \$	2015 \$
Depreciation and amortisation		58,887	50,984
Grants, subsidies and donations		500	1,131
Salaries and wages		233,512	235,521
Kiwisaver employer contributions		8,784	9,218
Cleaning		15,162	13,977
Repairs and maintenance		4,423	1,928
Insurance		7,766	6,988
Audit fees		4,900	3,805
ACC Levies		8,389	6,364
Consultants fees		8,023	8,200
Stationery, printing and postage		7,735	4,298
Office expenses		4,831	7,200
Telephone & Internet		3,644	3,849
Other operating expenses		19,852	20,923
Total other operating expenses		386,408	374,387

4. FINANCE INCOME AND COSTS

4.1 Finance Income

Interest revenue primarily arises from investments in banks in the form of cash and term deposits.

	Note	2016 \$	2015 \$
Interest from bank current account		691	1,356
Interest from term deposits held		38,752	47,450
Interest - other		38	9
Total finance income - loans and receivables		39,481	48,814

5. OTHER GAINS AND LOSSES

5.1 Other losses

	Note	2016 \$	2015 \$
Net loss on disposal of property, plant and equipment, intangible and other assets		9,078	5,946
Impairment of property, plant and equipment and intangible assets		-	-
Total other losses		9,078	5,946

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	Note	2016 \$	2015 \$
Cash on hand		2,000	2,000
Cash in bank		149,462	115,002
Total cash and cash equivalents		151,462	117,002

Standard bank terms and conditions apply to the cash held in the bank. As at 31 July 2016 the interest rates were 0.10% for the main trading account (Last Year: 0.10%) and the two Business Premium Call Accounts 1% (Last Year: 2.75%).

The Club operates a VISA account. The limit for the VISA is \$5,000 (Last Year:\$5,000) and is repaid in full the following month.

7. RECEIVABLES

Receivables are initially recognised at the fair value plus directly attributable transaction cost less any allowance for impairment loss due to uncollectibility. Impairment is assessed if there is objective evidence that the customer cannot settle the amount due to the Club.

Receivables from non-exchange transactions include committed grants and subsidies from external parties or assets donated but not yet physically transferred as of reporting date and for which the Club has legal and contractual right over said assets. The following table summarises the Club's receivables from exchange and non-exchange transactions.

	Note	2016 \$	2015 \$
Receivables from exchange transactions			
Trade receivables		28,662	27,028
Interest receivable		13,876	24,158
Other receivables		17,141	12,921
		<u>59,679</u>	<u>64,108</u>
Receivables from non-exchange transactions			
GST receivable		35,031	40,771
		<u>35,031</u>	<u>40,771</u>
Total net realisable value of receivables		<u>94,709</u>	<u>104,879</u>

8. OTHER FINANCIAL ASSETS

	Note	2016 \$	2015 \$
Term deposits		1,003,784	1,102,154
Total other financial assets		<u>1,003,784</u>	<u>1,102,154</u>
Non-current financial assets		1,003,784	1,102,154
Total other financial assets		<u>1,003,784</u>	<u>1,102,154</u>

Term deposits

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.

The Club's accounting policy with respect to each of its financial investments is discussed in note 13.

9. OTHER ASSETS

	Note	2016 \$	2015 \$
Current			
Prepayments		8,358	8,153
Total other current assets		<u>8,358</u>	<u>8,153</u>

Prepayments recorded relate to Insurance and Accident Compensation Levies spread over a twelve month period relating to the date and periods covered by the respective invoices.

Property, plant and equipment is measured initially at cost which includes expenditure that is directly attributable to the acquisition of the asset. The cost of an item of property, plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Club and if the cost or fair value can be measured reliably. Subsequent costs that meet the recognition criteria are recognised in the carrying value of the item of property, plant and equipment.

Under the cost model, the item is carried at cost net of accumulated depreciation and any impairment losses. Plant and machinery and office equipment are measured using the cost model. These classes of assets include farm tractors, computers and furniture and fixtures.

An item of property, plant and equipment is derecognised upon disposal or when the Club assesses that it has no further economic benefits or service potential expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in surplus or deficit.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment of property, plant and equipment

The Club considers its property, plant and equipment as cash generating assets and performs annual impairment testing for those class of assets carried using the cost model to determine whether there is any indication that the asset may be impaired. If such indication exists, the Club estimates the recoverable amount which is the higher of the asset's fair value less costs of disposal and its value in use. When the carrying amount exceeds the recoverable amount of the asset, it is considered impaired and written down to its recoverable amount. Any impairment losses are included in surplus or deficit.

31-Jul-16

11. TRADE AND OTHER PAYABLES

The Club's payables are classified into taxes and payables from non-exchange transactions and payables under exchange transactions or trade payables.

11.1 Taxes and payables from non-exchange transactions

The Club has no other recognised assets received from non-exchange transaction with attached restrictions or conditions to them as of balance date.

11.2 Payables under exchange transactions

	Note	2016 \$	2015 \$
Accounts payable and accruals		77,929	90,558
Total taxes and transfers payables		77,929	90,558

11.3 Employee entitlements

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date.

The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

	Note	2016 \$	2015 \$
Salaries and wages payable		6,856	-
Total employee entitlements		6,856	-

The amount above does not include remuneration to members of the Committee of \$1,961.50 (Last year: \$2,231.32) which are included in other liabilities.

12. COMMITMENTS AND CONTINGENCIES

12.1 Non-cancellable operating lease commitments - Club as lessee

The Club has entered into various non-cancellable operating lease contracts with a term averaging between 5-10 years over the premises at Addington Raceway and peripheral office equipment. There are no commitments attached to these leased items and no lease incentives available to the Club. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term. The following table shows the minimum rental payables relating to the lease contracts as at reporting date:

	Note	2016 \$	2015 \$
Within one year		210,400	209,652
After one year but not more than five years		48,875	246,450
More than five years		-	-
Total lease commitments as lessee		259,275	456,102

12.2 Contingencies

The Club has no contingent assets or liabilities as of 31 July 2016 (2015: nil).

13. FINANCIAL INSTRUMENTS

13.1 Categories of financial instruments

The following table summarises the categories of the Club's financial instruments.

	Note	2016 \$	2015 \$
Loans and receivables			
Cash and cash equivalents	6	151,462	117,002
Trade and other receivables	7	94,709	104,879
Term deposits	8	1,003,784	1,102,154
		<u>1,249,956</u>	<u>1,324,034</u>
Total other financial assets		<u>1,249,956</u>	<u>1,324,034</u>
Financial liabilities at amortised cost			
Trade and other payables	11	84,785	90,558
		<u>84,785</u>	<u>90,558</u>
Total other financial liabilities		<u>84,785</u>	<u>90,558</u>

Financial assets

The Club's financial assets include its cash, short-term deposits, and various receivables. The Club recognises financial assets when it becomes party to a contract.

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. The subsequent measurement and presentation of the financial assets will vary depending on their category.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

At each reporting date, the Club assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

The categories of financial assets are described below and the Club has not made any transfers between categories during the year (2015: nil):

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) the Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

(a) Loans and receivables

Loans and receivables are non-derivative debt instruments with fixed or determinable payments that are not quoted in an active market. These investments are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the effective interest rate.

The amortisation of any premium or discount is reported as part of finance income and cost while losses arising from impairment of the financial assets are reported as part of other losses (for loans) and in cost of sales or other operating expenses (for receivables).

This category includes all of the Club's cash and cash equivalents, term deposits and receivables (trade and those arising from non-exchange transactions).

Financial liabilities

The Club's financial liabilities include payables. The Club recognises financial liabilities when it becomes party to a contract. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. Subsequent measurement and presentation depend on the category of the financial liability as follows:

(b) Financial liabilities at amortised cost

After initial recognition, these types of financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in surplus or deficit when the liabilities are derecognised through the effective interest rate amortisation process. The effective interest rate amortisation is included as finance costs in surplus or

deficit. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

This category generally applies to interest-bearing loans and *advances*. This category also includes trade and other payables which are unsecured and usually paid within 30 days of recognition; due to their short-term nature they are not discounted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

14. RELATED PARTIES

14.1 Transactions and balances with related parties

	Relationship with counterparty	Nature of transaction	Amount of transaction / balance	
			2016 \$	2015 \$
TRANSACTIONS				
<u>Payments to related parties</u>				
D Barron	Deputy Chairperson	Kennel Duties	22,941	21,834
A Jopson	Board Member	Track Curator	63,800	62,471
YEAR END BALANCES				
<u>Trade payables to:</u>				
D Barron	Deputy Chairperson	Kennel Duties	1,962	1,886

The Club has various trade transactions with related party entities in the form of track maintenance and race day related expenses.

These transactions are done on an arms-length basis.

During the year, the Club made payments to A Jopson for curator services to the Club's track and facilities. A Jopson was a member of the management board of the Christchurch Greyhound Racing Club. A Jopson resigned from the Board and as her position of track curator in August 2016.

During the year, the Club made payments to D Barron for providing monthly kennel duties. D Barron is the Deputy Chairman of the Christchurch Greyhound Racing Club.

The terms of these transactions were arm's length.

The Club's transactions with its related party entities are non-interest bearing and are made on regular terms. As of reporting date, the Club has no impaired receivables from related parties.

14.2 Transactions and balances with key management personnel

Key management personnel of the Club include the members of the Committee and various sub-committees of the Club, the Chairman and Management Board 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 members of the key management personnel's family as related party transactions.

Transactions

Key management personnel 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 key management personnel. In addition, members of the Club may have interest in racing through ownership, breeding or training. Key management personnel 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 key management personnel.

With the exception of the regular fees and charges, compensation (discussed below) and race-related transactions under normal terms, there have been no other transactions between the Club and its key management personnel and close members of their family during the year (2015: nil).

Remuneration

The amounts disclosed in the following table are recognised as an expense during the reporting period related to key management personnel. They did not receive any remuneration or compensation other than in their capacity as key management personnel (2015: nil). The Club has 2 FTE key management personnel, determined on full-time equivalent basis, which received compensation from the Club during the year.

The seven members of the Management Board are paid \$100 in honoraria for each meeting attended during the period. The Chairman and Vice-Chairman are paid \$2,000 and \$1,000 per annum respectively for their positions held as Chairman and Vice-Chairman. No other payments are made to the Management Board in relation to the management of the Club (Last Year: The seven members of the Management Board are paid \$100 in honoraria for each meeting attended during the period. The

Chairman and Vice-Chairman are paid \$2,000 and \$1,000 per annum respectively for their positions held as Chairman and Vice-Chairman. No other payments are made to the Management Board in relation to the management of the Club).

Note	2016 \$	2015 \$
Salaries and other short term benefits	142,056	142,154
Total paid to key management personnel	<u>142,056</u>	<u>142,154</u>

The Club did not provide any compensation at non-arm's length terms to KMPs and close family members of KMPs during the year (2015: nil). The Club has no long-term benefits for its key management personnel.

Loans and advances

There were no loans and advances made by the Club to its key management personnel during the year.

15. SUBSEQUENT EVENTS

There were no significant events and transactions subsequent to the reporting date (2015: The Committee have agreed to the purchase of new starting boxes. Apart from this there are no other significant events that have occurred after balance date)..

16. ADJUSTMENTS TO COMPARATIVE YEAR FINANCIAL STATEMENTS

As a result of adopting the PBE standards RDR a number of adjustments were made to the amounts disclosed in the financial statements for the 2015 comparative year.

	Non Exchange Revenue	Revenue	Non Exchange Receivables	Trade Receivables	Net Assets/ Equity
	\$	\$	\$	\$	\$
Closing balance 31 July 2015	-	4,497,331	-	14,879	2,082,228
Reclassification					
(a) Revenue from non-exchange transactions	374,418	(374,418)	-	-	-
(b) Receivables from non-exchange transactions	-	-	40,771	(40,771)	-
(c) Movements in Net Assets/Equity as a result of the transition to PBE Standards RDR	-	-	-	-	-
Restated balance 31 July 2015	374,418	4,122,913	40,771	64,108	2,082,228

Notes:

- The reclassification relating to revenue from non-exchange transactions was made in accordance with PBE IPSAS 1 and PBE IPSAS 23 which require separate presentation in the financial statements of revenues from exchange and non-exchange transactions (refer Note 2.3 (page 11)); as these revenues were previously presented in the Club's total revenues, the reclassification did not result to any change in net profit or loss and net assets. All remaining revenues not reclassified by the Club were presented as revenue from exchange transactions.
- Receivables from non-exchange transactions are required to be separately presented by the Club in accordance with PBE IPSAS 1 and PBE IPSAS 23. The amount disclosed above were previously presented in aggregate with other receivables from exchange transactions; as these have been previously recognised as receivables in the Club's financial statements, there is no impact to net assets. Receivables from exchange transactions are also presented separately to include all other trade receivables reported in the previous year (refer Note 7 (page 13)).
- No adjustments were made to the Net Assets/Equity as at 1 August 2014 as a result of transitioning to PBE Standards RDR.

INDEPENDENT AUDITOR'S REPORT
To the Members of Christchurch Greyhound Racing Club Incorporated

Report on the Financial Statements

We have audited the financial statements of Christchurch Greyhound Racing Club Incorporated on pages 3 to 18.

This report is made solely to the Members, as a body, in accordance with the Constitution of Christchurch Greyhound Racing Club Incorporated. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' 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 Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Management Committee Responsibility for the Financial Statements

The Christchurch Greyhound Racing Club Incorporated is responsible for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") and for such internal control as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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). Those standards require that we comply with 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 auditor's judgment, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Christchurch Greyhound Racing Club Incorporated.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Christchurch Greyhound Racing Club Incorporated as at 31 July 2016, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR").



BDO Christchurch
2nd November 2016
Christchurch
New Zealand