



Waikato Racing Club
Consolidated Financial Statements
For the Year Ended 31 July 2023

This financial statement provides general information which is current at the time of production and prepared specifically for the racing clubs in New Zealand in relation to their transition to PBE IPSAS.

The information contained in this document does not constitute advice and should not be relied on as such. Professional advice should be sought prior to any action being taken in reliance on any of the information. NZRB disclaims all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk.

Waikato Racing Club Incorporated
Directory
For the Year Ended 31 July 2023

Legal name of entity:	Waikato Racing Club Incorporated
Type of entity and legal status:	Incorporated Society
Registration number:	214043
Registered office:	Te Rapa Racecourse Te Rapa Road HAMILTON
Nature of business:	The Waikato Racing Club is the host club conducting 18 licenses of the 20 race days held at Te Rapa Racecourse
Board of Directors:	John Estob (Chairperson) Glenn Holmes Gilbert Southworth David Kneebone Geoff Buchan Marcus Corban Bruce Darby Steve Rowe Philip Monaham
Independent auditor:	PKF Hamilton Audit Limited 1026 Victoria Street Hamilton, 3240

Waikato Racing Club Incorporated

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For the Year Ended 31 July 2023

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Waikato Racing Club
Consolidated Statement of Service Performance
For the year ended 31 July 2023

Waikato Racing Club inc is an Incorporated Society registered under the Incorporated Societies Act 1908. The Waikato Racing Group consist of the club (the parent) and its controlled entities Mainstreet Place Limited Partnership and Sir Tristram Avenue Limited Partnership. The limited partnership s are registered under the Limited Partnership Act 2008, with the Club being the sole limited partner.

The Waikato Racing Club is the host club conducting 18 licenses of the 20 racedays held annually at Te Rapa Racecourse, Hamilton. The racetrack is one of the best in the country and provides an excellent surface all year round.

Outcome:

Promoting and advancing thoroughbred racing in all its forms in New Zealand.

Outputs:

	2023	2022
	Actual	Actual
> Total number of Race days in a year	18	18
> Total track maintenance spending	\$562,630	\$560,775

Outcome:

Maintaining and striving to further improve conditions that support positive welfare outcomes for thoroughbreds in New Zealand.

Outputs:

	2023	2022
	Actual	Actual
> Total spending on advertising and promotions	\$100,823	\$37,053
> Total sponsorships received during the year	\$527,634	\$324,524

Costs:

The directly attributable expenditure associated with race meetings for the year amounts to \$10,464,608 (2022: \$7,297,371)

Waikato Racing Club

Consolidated Statement of Comprehensive Revenue and Expenses For the year ended 31 July 2023

	Notes	Group 2023 \$	Group 2022 \$
Revenue from exchange transactions			
Race meeting revenues	5	12,182,578	8,523,912
Rental income	6	1,449,884	1,198,269
Rendering of services	7	71,527	78,495
Other operating revenue	8	111,807	105,918
Finance revenue		9,060	379
Total revenue from exchange transactions		<u>13,824,856</u>	<u>9,906,973</u>
Total revenue from non exchange transactions	5	-	40,400
TOTAL REVENUE		<u>13,824,856</u>	<u>9,947,373</u>
Expenses			
Race meeting costs and expenses	5	10,464,608	7,297,371
Expenses from rendering of services	7	17,900	13,759
Property expenses	6	390,070	359,212
Other operating expenses	9	1,497,117	1,363,093
TOTAL EXPENSES		<u>12,369,695</u>	<u>9,033,435</u>
		<u>1,455,161</u>	<u>913,938</u>
Interest, depreciation and amortisation expense			
Depreciation and amortisation	12 & 14	360,430	388,586
Finance expense		543,096	310,480
Total interest, depreciation and amortisation expense		<u>903,526</u>	<u>699,066</u>
Surplus/(Deficit) for the year		551,635	214,872
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses		<u>551,635</u>	<u>214,872</u>

These financial statements should be read in conjunction with the notes to the financial statements

Waikato Racing Club
Consolidated Statement of Changes in Net Assets/Equity
For the year ended 31 July 2023

	Group	Group
	Retained earnings	Total
	\$	\$
Balance as at 31 July 2021	15,550,565	15,550,565
Net surplus/(deficit) for the year	214,872	214,872
Other comprehensive revenue and expenses for the	-	-
Balance as at 31 July 2022	15,765,437	15,765,437
Net surplus/(deficit) for the year	551,635	551,635
Other comprehensive revenue and expenses for the	-	-
Balance as at 31 July 2023	16,317,073	16,317,073

These financial statements should be read in conjunction with the notes to the financial statements

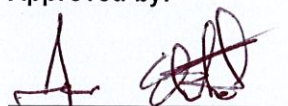
Waikato Racing Club

Consolidated Statement of Financial Position

As at 31 July 2023

	Notes	Group 2023 \$	Group 2022 \$
Current assets			
Cash and cash equivalents	10	861,253	640,786
Receivables from exchange transactions	11	66,744	69,001
GST Receivables		70,255	36,355
Prepayments		203,270	51,853
Inventories		876	595
Other current assets	13	112,515	108,846
Total current assets		1,314,913	907,436
Non-current assets			
Property, plant and equipment	12	9,909,156	10,224,866
Investment property	14	13,138,028	12,864,321
Total non-current assets		23,047,184	23,089,187
Total assets		24,362,097	23,996,623
Current liabilities			
Trade and other payables	15	496,358	284,101
Employee entitlements	16	119,664	79,431
Income receive in advance		19,913	62,854
Other liabilities	18	109,089	104,800
Other Financial Liabilities	17	4,000,000	3,300,000
Total current liabilities		4,745,024	3,831,186
Non-current liabilities			
Other financial liabilities	17	3,300,000	4,400,000
Total non-current liabilities		3,300,000	4,400,000
Total liabilities		8,045,024	8,231,186
Net assets		16,317,073	15,765,437
Net assets comprised of:			
Retained earnings		16,317,073	15,765,437
Total net assets		16,317,073	15,765,437

Approved by:



Director



Director

Date: 9-10-23

These financial statements should be read in conjunction with the notes to the financial statements

Waikato Racing Club
Consolidated Statement of Cash Flows
For the year ended 31 July 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Cash was received from:			
Industry profit distribution		1,804,761	1,274,342
Other race meeting receipts		1,243,141	668,916
Grants and subsidies		-	40,400
Fees, subscriptions and other receipts from members		35,488	29,195
Receipts from providing goods or services		1,444,326	1,397,651
Net GST received		(11,521)	62,616
Cash was applied to:			
Payments to suppliers and employees		(3,043,266)	(2,872,761)
Net cash flows from operating activities		<u>1,472,929</u>	<u>600,359</u>
Cash flows from investing activities			
Cash was received from:			
Interest received		9,061	378
Cash was applied to:			
Payments for purchase of property, plant and equipment		(318,427)	(713,162)
Net cash flows from investing activities		<u>(309,366)</u>	<u>(712,784)</u>
Cash flows from financing activities			
Cash was received from:			
Proceeds from borrowings		-	697,266
Cash was applied to:			
Finance lease liability		-	
Loan repaid		(400,000)	
Interest paid		(543,096)	(301,605)
Net cash flows from financing activities		<u>(943,096)</u>	<u>395,661</u>
Net Increase / (Decrease) in Cash		220,467	283,236
Opening Cash		640,786	357,550
Closing Cash		<u>861,253</u>	<u>640,786</u>
This is represented by:			
Cash on hand and in bank	10	861,253	640,786
Cash and cash equivalents at end of the period		<u>861,253</u>	<u>640,786</u>

These financial statements should be read in conjunction with the notes to the financial statements

Waikato Racing Club

Notes to the Consolidated Financial Statements For the year ended 31 July 2023

1. Statement of Accounting Policies

a) Reporting Entity

The Waikato Racing Club Incorporated ("the Club") is an incorporated society registered under the Incorporated Societies Act 1908. The Waikato Racing Group consist of the Club (the parent) and its controlled entities Mainstreet Place Limited Partnership and Sir Tristram Avenue Limited Partnership (together the Group). The limited partnerships are registered under the Limited Partnerships Act 2008, with the Club being the sole limited partner.

b) Basis of Preparation

Reporting Period

The consolidated financial statements are presented for the year ending 31 July 2023.

Basis of Preparation

The consolidated financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Principal Activities and primary objective

The primary objective of the Club is to promote, conduct and control thoroughbred racing, and the principal activity of the Club is to hold and promote the harness race meetings on the Club's racecourse in Te Rapa Hamilton. The principal activity is supported by sponsorship income, function revenue and the rental income of investment properties which are held in the limited partnerships.

These consolidated financial statements have been approved and were authorised for issue by the Board of Directors on _____ 2023. The Board of Directors does not have the power to amend these financial statements once issued.

New and Amended Standards Adopted during the year

The Trust has applied the following amendments for the first for the annual reporting period commencing 1 August 2022:

- PBE IPSAS 41 Financial Instruments – This standard has been applied retrospectively, except where a prospective application is permitted by the standard. On initial application, the Trust did not reclassify any financial assets or liabilities. Except for investments held with registered fund managers which are measured at fair value, all other financial assets and liabilities continue to be measured at amortised costs. The Trust has historically measured investment held with fund managers at fair value. Consequently, there is no impact on retained earnings.
- PBE FRS 48 Service Performance Reporting – This standard has been applied retrospectively.

Note 2: Statement of compliance

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Directors have elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

Note 3: Changes in accounting policies

There have been no changes in accounting policies during the current financial year.

Waikato Racing Club

Notes to the Consolidated Financial Statements

For the year ended 31 July 2023

Note 4: Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

(a) Basis of measurement

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

(b) Functional and presentation currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statement of the club and its controlled subsidiaries (the Group) as at 31 July 2023.

Controlled entities are all those entities over which the Club (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Club, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions have been eliminated in full.

The controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. Assets, liabilities, income and expenses of a controlled entity acquired or disposed of during the year are included in the financial statements from the date the Group gains the control until the date the Group ceases to control the controlled entity.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

(i) Revenue from non-exchange transactions

Grant Revenue

Grant revenue includes grants given by other charitable organisations, and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

(ii) Revenue from exchange transactions

Race meeting revenue

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.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Rental income on investment property

Rental income from investment property is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Waikato Racing Club

Notes to the Consolidated Financial Statements

For the year ended 31 July 2023

(e) Income tax expense

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

(f) Goods and Services Tax (GST)

The Group is registered for GST. Therefore, amounts recorded in the financial statements are exclusive of GST, except for receivables and payables which are inclusive of GST.

(g) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Receivables

Receivables are initially recognised at the fair value of the amount to be received and subsequently measured at amortised cost less any provision for impairment loss due to uncollectibility. Impairment is assessed if there is objective evidence that the customer cannot settle the amount due to the Group. A receivable is considered uncollectable where there is objective evidence the Group will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

(i) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent to initial recognition, property, plant and equipment are measured using the cost model, at carried at cost net of accumulated depreciation and any impairment losses. Plant and machinery and office equipment are measured using the cost model.

An item of property, plant and equipment is derecognised upon disposal or when the Group 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.

(j) Property, plant and equipment

Depreciation

Depreciation is charged on a diminishing value basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost of the asset less any estimated residual value over its remaining useful life. Land is not depreciated.

- Buildings: 0% - 33%
- Plant and equipment: 2% - 80%
- Motor vehicles: 10% - 48%
- Office equipment: 2% - 67%
- Capital work in progress: 0%

Waikato Racing Club

Notes to the Consolidated Financial Statements

For the year ended 31 July 2023

(k) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Investment property acquired through non-exchange transactions is measured at its fair value at the date of acquisition.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses. Therefore all the PBE IPSAS 17's requirements apply to the investment properties. The group assesses the fair value of investment properties at each reporting date. Where there is objective evidence of impairment, an impairment loss will be recognised in surplus or deficit.

Depreciation

The Group adopts the following depreciation rates over its investment properties:

- Building Fit-out - 10% DV
- Buildings - 2% RV

The buildings are depreciated on the residual value of the building. The residual value of the buildings is expected to be equal or above the carrying amount of the buildings. This assessment is carried out annually by the Board.

Derecognition

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in surplus or deficit in the year of retirement or disposal.

(l) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the financial instrument.

The Group derecognises a financial asset or, where applicable part of a financial asset or part similar financial assets when the rights to receive cash flows from the assets have expired or are waived, or the Group has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Group has transferred substantially all the risks and rewards of the assets; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has

(i) Financial assets

Financial assets within the Scope of NFP PBE IPSAS 41 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit or amortised at costs. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. As at balance date, all of the Group's financial assets are classified as amortised at costs. The Group's financial assets include: cash and cash equivalents, receivables from non-exchange transactions, receivables from exchange transactions and investments and ANZ term deposit.

Waikato Racing Club

Notes to the Consolidated Financial Statements

For the year ended 31 July 2023

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments or a derivative that is a financial guarantee contract.

The Group has not designated any financial assets at fair value through surplus or deficit.

(ii) Financial liabilities

The Group's financial liabilities include trade and other creditors and interest bearing borrowings.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as finance costs in the statement of comprehensive revenue and expenses.

Impairment of financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there are any objective evidence of impairment, the Group first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

(m) Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

Waikato Racing Club

Notes to the Consolidated Financial Statements

For the year ended 31 July 2023

(n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, property plant and equipment and investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For non-financial cash-generating assets, except for those assets that are measured using the revaluation model, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

(o) Impairment of non-cash generating assets

For non-financial non-cash-generating assets, the Group assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive revenue and expenses.

(p) Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Interest bearing loans and borrowings are classified as non-current liabilities as the settlement of the liability for at least 12 months after balance date.

(q) Trade and other payables

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

Waikato Racing Club

Notes to the Consolidated Financial Statements

For the year ended 31 July 2023

(r) Significant judgements and estimates

In preparing the financial statements, the Board of Trustees are required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Group bases its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The key significant judgements and estimates used in the preparation of these financial statements are as follows:

Useful lives of property, plant and equipment

The Board reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting date. The Board believes that the estimated useful lives of the property, plant and equipment as disclosed in the notes to the financial statements are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at Note 12.

Waikato Racing Club
Notes to the Consolidated Financial Statements
For the year ended 31 July 2023

5 Race meeting revenue and expenses

	Group 2023	Group 2022
Revenue from exchange transactions	\$	\$
Industry profit distribution	9,687,042	7,332,643
Acceptance fees	945,767	330,278
On-course totalisator income	248,822	150,352
Race meeting sponsorships	527,634	324,524
Bar sales (race meeting days related)	640,921	289,544
Admission and Privilege Revenue	57,806	41,723
Other race meeting income	74,586	54,848
Total Race meeting Revenue - Exchange	<u>12,182,578</u>	<u>8,523,912</u>
Revenue from non-exchange transactions		
Grant Received	-	40,400
Total Race Meeting revenue - Non Exchange	-	40,400
Total Race meeting Revenue	12,182,578	8,564,312
Expenditure		
Stakes	9,134,676	6,580,654
Totaliser expenses	15,763	8,132
Advertising and promotions	100,823	37,053
Direct race meeting operating costs	422,328	302,368
Race meeting sponsorship costs	79,127	9,394
Race book costs	50,960	24,196
Bar, Function and Package Expenses	462,422	202,686
Salaries and wages (direct)	198,509	132,888
Total race meeting costs & expenses	<u>10,464,608</u>	<u>7,297,371</u>
Net race meeting surplus/(deficit)	<u>1,717,970</u>	<u>1,266,941</u>

6 Property rental revenue and expenses

	Group 2023	Group 2022
	\$	\$
Rental Income		
Rental income from properties	1,169,707	1,003,977
Parking and field income	38,495	37,695
Other Rental income	30,000	27,916
Opex income	211,682	128,681
	<u>1,449,884</u>	<u>1,198,269</u>
Rental Costs		
Property Expenses	70,123	60,646
Property related	124,782	101,246
OPEX expenses	195,165	197,320
	<u>390,070</u>	<u>359,212</u>
Net property Income	<u>1,059,814</u>	<u>839,057</u>

Waikato Racing Club
Notes to the Consolidated Financial Statements
For the year ended 31 July 2023

7 Revenue from rendering of services

	Group 2023 \$	Group 2022 \$
Function revenue	14,385	15,920
Venue Hire revenue	57,142	62,575
Total revenue from rendering of services	71,527	78,495
Function costs	17,900	13,759
Net revenue from rendering of services	53,627	64,736

8 Other Operating revenue

	Group 2023 \$	Group 2022 \$
Sponsorship income	50,500	50,500
Members subscription income	35,488	29,195
Track revenue	25,819	26,223
Total other operating revenue	111,807	105,918

9 Other operating expenses

	Group 2023 \$	Group 2022 \$
Administration salaries and wages	816,557	784,705
Accounting fees	40,011	32,966
Audit fees - Crowe	17,328	14,490
Entertainment	1,678	4,169
Fuel expenses	23,856	19,284
Repairs and maintenance	137,839	165,683
Legal and professional fees	4,976	12,489
Lease expenses	27,839	34,165
Merger Costs	102,198	-
Irrigation expenses	9,477	19,819
Utilities and insurance	145,086	115,766
Stationery, printing and postage	7,121	5,021
Other expenses	145,733	137,700
Telephone & computer expenses	17,418	16,836
Total other operating expenses	1,497,117	1,363,093

Waikato Racing Club
Notes to the Consolidated Financial Statements
For the year ended 31 July 2023

10 Cash and cash equivalents

	Group 2023 \$	Group 2022 \$
ASB Cheque account	354,488	318,587
ASB Savings account	2,581	2,551
ANZ Cheque account	297,264	116,066
ANZ Call account	205,170	201,438
ASB Business Cheque account	1,565	1,959
Cash floats	185	185
Total cash and cash equivalents	<u>861,253</u>	<u>640,786</u>

11 Receivables

	Group 2023 \$	Group 2022 \$
Receivables from exchange transactions		
Trade receivables	66,744	69,001
	<u>66,744</u>	<u>69,001</u>

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12 Property plant and equipment

	Opening balances (Group)		Current year movements (Group)				Closing balances (Group)		
	Cost / valuation	Acc. depreciation / impairment	Additions	Disposals / Transfers	Impairment charges	Depreciation	Less Depreciation on disposal	Cost / valuation	Acc. depreciation / impairment
as at 31 July 2023	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	14,372,983	(4,715,936)	-	-	-	(275,258)	-	14,372,983	(4,991,194)
Plant and machinery	1,282,943	(817,538)	37,601	-	-	(64,664)	-	1,320,544	(882,202)
Office equipment	133,062	(119,232)	-	-	-	(1,567)	-	133,062	(120,799)
Vehicles	266,199	(177,617)	-	-	-	(11,821)	-	266,199	(189,438)
	16,055,187	(5,830,323)	37,601	-	-	(353,310)	-	16,092,788	(6,183,633)
									9,909,156

	Opening balances (Group)		Current year movements (Group)				Closing balances (Group)		
	Cost / valuation	Acc. depreciation / impairment	Additions	Disposals / Transfers	Impairment charges	Depreciation	Less Depreciation on disposal	Cost / valuation	Acc. depreciation / impairment
at 31 July 2022	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	14,372,983	(4,413,320)	-	-	-	(302,616)	-	14,372,983	(4,715,936)
Plant and machinery	1,175,963	(755,338)	106,980	-	-	(62,200)	-	1,282,943	(817,538)
Office equipment	133,062	(117,147)	-	-	-	(2,085)	-	133,062	(119,232)
Vehicles	266,199	(163,843)	-	-	-	(13,774)	-	266,199	(177,617)
Work-in-progress	3,941,669	-	-	(3,941,669)	-	-	-	-	-
	19,889,876	(5,449,648)	14,440,228	(3,941,669)	-	(380,675)	-	16,055,187	(5,830,323)
									10,224,866

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13 Other current financial assets

	Group 2023	Group 2022
	\$	\$
Opening balance ANZ term deposits	108,846	107,376
Add interest received & reinvested	3,669	1,470
Closing balance	<u>112,515</u>	<u>108,846</u>

On behalf of the James and Anne Sarten Memorial Fund, the Group holds funds in a term deposit at 31 July 2023 with the ANZ bank for which interest revenue is recognised during the term of the investment. The fund is restricted for a specific purpose and is therefore rolled on an annual and continuing basis.

14 Investment property

	Group 2023	Group 2022
	\$	\$
Opening balance at 1 August	12,864,321	8,333,171
Land	2,654,944	2,654,944
Buildings	<u>10,209,377</u>	<u>5,678,227</u>
	12,864,321	8,333,171
Additions	280,827	597,391
Disposals/Transfer	-	3,941,669
Depreciation	(7,120)	(7,910)
Closing balance at 31 July	<u>13,138,028</u>	<u>12,864,321</u>

15 Trade and other payables

	Group 2023	Group 2022
	\$	\$
Trade payables	308,597	127,919
Accrued expenses	187,761	156,182
Total trade and other payables	<u>496,358</u>	<u>284,101</u>
Payables for Exchange Transactions	496,358	284,101

16 Employee entitlements

	Group 2023	Group 2022
	\$	\$
Salaries and wages payable	7,262	3,190
Holiday pay liability	112,402	76,241
Total employee entitlements	<u>119,664</u>	<u>79,431</u>

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17 Other financial liabilities

	Group	Group
	2023	2022
	\$	\$
Current financial liabilities		
Current interest-bearing loan and borrowings	4,000,000	3,300,000
Non-current financial liabilities		
Non-current interest-bearing loans and borrowings	3,300,000	4,400,000
	<u>7,300,000</u>	<u>7,700,000</u>

The Group has term borrowings with the ASB Bank with a total value of \$7.3 million, of which \$3.3 million is due to mature in February 2025 and \$4 million is due to mature in March 2024. The loans bear interest rate of 8.46% to 8.47% per year (2022: 5.5% to 5.56%). The Group has undrawn interest bearing loans and borrowng facilities at 31 July 2023 of \$400,000. All banking covenants associated with interest bearing loans and borrowings have been complied with at 31 July 2023.

Security:

These borrowings are secured by a first charge over land and buildings held as the Group's investment property with carrying value of \$13.1 million (2022: \$12.8 million). Together with general security deeds over all assets of Mainstreet Place Limited Partnership and Sir Tristram Avenue Limited Partnership.

The financing facility uses bills for pricing which leads to the facility being short term although there is a roll over provision for 12 months within the loan agreement. The intention of the club is to roll over the loan every 12 months and only repay capital when it has surplus funds.

18 Other liabilities

	Group	Group
	2023	2022
	\$	\$
Funds held in the Group	100,000	100,000
Deposits and bonds	9,089	4,800
Total other liabilities	<u>109,089</u>	<u>104,800</u>

19 Categories of financial assets and liabilities

	Group	Group
	2023	2022
	\$	\$
<i>Financial Assets at amortised costs</i>		
Cash and cash equivalents	861,253	640,786
Receivables from exchange transactions	66,744	69,001
Other current financial assets	112,515	108,846
	<u>1,040,512</u>	<u>818,633</u>
	Group	Group
	2023	2022
	\$	\$
<i>Financial liabilities at amortised costs</i>		
Trade and other payables	496,358	284,101
Funds held in Group	100,000	100,000
Deposits and bonds	9,089	4,800
Bank loans	7,300,000	7,700,000
	<u>7,905,447</u>	<u>8,088,901</u>

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20 Commitment and contingencies

1) Non-cancellable operating lease commitments - Group as lessee

As at reporting date, the Group has entered into various non-cancellable operating lease contracts with a term averaging between 3 - 5 years for the motor vehicles and peripherals building and office equipment. 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:

	Group 2023 \$	Group 2022 \$
Within one year	19,020	19,642
After one year but not more than five years	29,975	1,564
	<u>48,995</u>	<u>21,206</u>

2) Non-cancellable operating lease commitments - Group as lessor

As at reporting date, the Group has entered into commercial property leases on its investment property portfolio consisting of the Group's office buildings. These non-cancellable leases have remaining terms of between five and twenty years. All leases include a clause to enable upward revision of the rental charges on an annual basis according to prevailing market conditions.

Future minimum rentals receivables under non cancellable leases at 31 July 2023 and 2022 are as follows:

	Group 2023 \$	Group 2022 \$
Within 1 year	1,116,509	1,040,886
After 1 year but not more than 5 years	9,679,440	1,712,353
More than 5 years	12,316,803	1,836,568
	<u>23,112,752</u>	<u>4,589,807</u>

3) Capital commitments

The Club has no capital commitments (2022: Child care facility has been completed).

4) Contingencies

The Group has no contingent liabilities or assets as of 31 July 2023 (2022 : Nil)

21 Related party transactions

Waikato Racing Club own 100% of Mainstreet Place Limited Partnership and Sir Tristram Avenue Limited Partnership.

The Group's transactions with its related party entities are interest free and are made on normal terms. As of reporting date, the Group has no impaired receivables from related parties.

The aggregate remuneration of key management personnel and the number of individuals determined on a full-time equivalent basis receiving remuneration is as follows:

	Group 2023 \$	Group 2022 \$
Total remuneration	487,665	452,656
Number of persons	3.0	3.0

During the reporting period, the total remuneration and compensation of \$0 (2022: \$3648) was provided by the Group to employees who are close family members of key management

No remuneration is paid to Directors on the Board.

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21 Related party transactions (Continued)

Transaction with the Directors:

During the 2023 financial year, the following transactions incurred with the Directors.

		Group 2023	Group 2022
		\$	\$
John Elstob	Membership fees	125	125
	Package Sales & Function Fees	16,271	22,280
	Sponsorship received	27,600	24,000
Marcus Corban	Membership fees	125	125
	Package Sales & Function Fees	-	5,300
David Kneebone	Membership fees	125	125
	Rental income	20,498	10,715
Geoff Buchan	Membership fees	125	125
	Package Sales & Function Fees	-	5,200
Steve Rowe	Membership fees	125	125
Philip Monahan	Membership fees	125	125
Glenn Holmes	Membership fees	125	125
Bruce Darby	Membership fees	125	125
	Package Sales & Function Fees	914	300
Gilbert Southworth	Sponsorship received	7,250	-
	Membership fees	-	125
	Package Sales & Function Fees	-	1,820

22 Subsequent Event

On the 1 August 2023, Waikato Racing Club has merged with Cambridge Jockey Club and Waipa Racing Club. The Club subsequently changed its name to Waikato Thoroughbred Racing.