



2022 ANNUAL REPORT

New Zealand Metropolitan Trotting Club Inc



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CHAIR'S REPORT

In presenting my first Annual Report as Chair of the New Zealand Metropolitan Trotting Club (NZMTC) I would like to, on behalf of the Board and the entire NZMTC team, thank our members for the support and understanding you have shown our club during this season. It was a year not only disrupted (once again) by Covid-19, but one in which we had to make the tough decision to race without a crowd on course for the first time in the 118-year history of our greatest racing carnival, 'Addington Cup Week'. The encouragement we received from our members during this period has been exceptional, and we look forward to repaying your faith over the coming year.

I would also like to express appreciation for the support we received from our sponsors and wider business partners throughout the year, in particular Richard Cole and the team at IRT, Kelly Morrison from The Crossing and Charlie O'Connell from Lion. It is important to recognise that 'Cup at Your Place' and many other racing and event initiatives for the 2020-2021 season would not have been possible without the support of our entire sponsor network. We look forward to building on this support and growing new opportunities as we look to the future.

During the season we continued to operate in a complicated and restricted environment due to Covid-19. We experienced life at Level 2 and above for the first five months of the season, followed by another three months at Level Red, and it wasn't until we were put into Level Orange on 14 April that we were able to fully welcome our customers back to Addington Raceway and Events Centre.

Because of these challenges, our club has recorded an operating deficit after taxation of \$867,357.

What a year of change for harness racing's biggest race day - IRT NZ Trotting Cup Day. Unfortunately, with Covid-19 restrictions in place throughout New Zealand, we were only able to host a small crowd on course. Although the day lacked its normal atmosphere, those that were able to attend experienced some

exceptional hospitality and racing, including Copy That's well-deserved win in the IRT NZ Trotting Cup. The fact that our club was able to operate the day using strict guidelines (which met with the approval of the officials present on course) and host approximately 1,200 members, owners, and business partners was due in no small part to the efforts of our committed and hardworking team and senior management group. I would like to take this time to say thank you for all their efforts; you delivered an outstanding day, and it is truly appreciated.

This team spent most of the year dealing with restrictions, mandates, vaccination passports and then having to go from zero events to multiple in a matter of weeks. Their commitment and adaptability continues to deliver our guests with impressive service and memorable experiences, adding to the many successes of our club. I believe it is important to acknowledge the quality of our managers and the passion and professionalism demonstrated by our wider team. The experience and dedication exhibited is the major reason our club continues to be the premier racing club in the country.

I would again like to acknowledge and extend our sincere thanks to Richard Cole and the IRT team, for supporting a vastly different Cup Day. It was great to see the biggest global horse freighting company involved once again with the industry's biggest racing event.

Given the last two Addington Cup Weeks have been affected by Covid-19, we look ahead with great pride and immense excitement, to delivering Addington Cup Week 2022. We know it will give people an opportunity to dress up, celebrate with friends and family and experience sensational live racing and fantastic entertainment as we showcase harness racing at Addington to our global audience.

We look to the new season not only for great racing and entertainment, but also with interest, particularly around what options/recommendations will be adopted by Harness Racing New Zealand (HRNZ) from those

presented in the Canterbury Regional Review Report completed by Sapere for Racing New Zealand in April 2022. As a senior industry racing partner responsible for running the largest race day of any code in New Zealand and half of our race meetings as industry days, we wish to work with HRNZ and other key stakeholders, including our fellow Canterbury Clubs, to ensure the sustainability of our harness industry.

Our Board is committed and determined to ensure the sustainability of our club as well as our industry. As part of our annual strategy meeting, we reviewed our five-year strategic plan making some minor alterations, including the 10-year property development review plan which looks at the entire footprint. The focus of this plan is to ensure all current non or low revenue generating assets provide a positive financial contribution towards our club's future operating costs. This approach was also recommended in the Canterbury Regional Review Report by Sapere.

As a part of our property development review, we have begun discussions with a mixture of well-known New Zealand residential housing developers, looking at the potential of a staged development of the old stabling and float parking area on Wrights Road which sits on its own title. The review will look at the best options for our overall site and the future operations of our club. Our Board understands its responsibility is to ensure our club continues to develop and empower our people and to ensure our stakeholders are kept fully aware of and involved in our plans.

As noted earlier, a very large thank you must go to the senior management group who have led from the front throughout the 2020-2021 season.

Brian Thompson – Chief Executive Officer
Catherine McLeavy – General Manager – Corporate Services
Darrin Williams – Racing Industry Manager
John Denton – Facilities and Property Manager
Graeme Jones – Event Centre Manager
Simon Carter – Marketing and Brand Manager

They have all worked beyond expectations, and under some very challenging conditions, to deliver many successful events, 62 race meetings and many key projects and initiatives. Thank you, on behalf of our many stakeholders, for all your work to ensure the sustainability and longevity of our club.



Thank you once again to our members, your support and loyalty is very much appreciated. I would also like to extend our heartfelt sympathies to the families of members who have passed away this year.

Our thanks also go out to the race meeting stewards who look after and manage the Breckon's Winners Bar. This is a passionate group of people that not only love our sport of harness racing but very much enjoy celebrating with sponsors and connections following the excitement of a race win. For some of the season, unfortunately we were not able to operate as we normally do because of Covid-19 restrictions. The team of Nigel Armstrong (and Brenda), Barry Dent, Carolyn Smolenski (and Mark), Janis Hartley (and John Duxbury), Kane Grieg (and Hayley), Rebecca Mooney (and John) and Stephen Brown (and Kay) did it as hard as everyone else during this time and couldn't wait for those restriction to be lifted and entertain everyone at Addington Raceway once again.

I would also like to acknowledge the work that Nigel Armstrong does with the promotion of Harness Racing via his Facebook page - Harness Racing Unhinged. Nigel constantly promotes the sport of harness racing, and

everything associated with it. Addington shares as much of this content as we can via industry newsletters and owners' emails to ensure a wider audience can see excited owners and celebrate with them. This is a substantial commitment of time and resources which is recognised throughout the Canterbury Harness circuit.

Our club continues to work alongside HRNZ to ensure that harness racing continues to prosper, helping to improve the quality of our products and relationships that exist across racing clubs and the wider industry. To HRNZ Chair John Coulam and the Board, along with Chief Executive Gary Woodham and his team, we thank you for your continued support and we look forward to continuing to build on our current relationship.

This year we welcomed two new Directors to our Board, Jane Davis and Nick James. It's been a very productive year and the involvement and contribution of Jane and Nick is already being experienced and appreciated. Finally, to my other fellow NZMTC Directors, Deputy Chair Tim Sissons, David Rankin, Ged Mooar, John Grainger and Simon Doig, thank you. Your expertise and assistance in overseeing our multifaceted business is appreciated and the role you all play is vital to our club's

future success. I would also like to extend my thanks to the Directors' partners for the role they have played in hosting during the year.

Finally, I would also like to acknowledge and sincerely thank David Rankin for the valuable contribution he has made to our club since joining our Board back in 2005. His expertise and commitment has been exceptional, the knowledge and skills he has brought to the table relating to our property joint venture (JV) portfolio and his Chairmanship of the JV Board on behalf of Addington has and continues to be outstanding.

I wish David and Kathy all our very best wishes and hope they enjoy the opportunity to travel and spend more time with their feet up at the Peninsular Beachfront Resort, Mooloolaba.



John Hartnell
Chair

2022 - 2022 Board of Directors

Left to right: Nick James, John Grainger, Simon Doig, Jane Davis, David Rankin, Tim Sissons, Ged Mooar, John Hartnell



CEO'S REPORT

This past year saw our club faced with many challenges, as it did for many organisations throughout New Zealand. When faced with challenges, change usually follows, and our biggest in the past year was having to hold Addington Cup Week with no public. Whilst frustrated not to be able to host the large crowd normally associated with Cup Week, our team went about doing everything it could to ensure the week was successful. A national marketing campaign "Cup From Your Place" was quickly put into motion.

This campaign was created to generate revenue, conversation, brand awareness and connection between the New Zealand public, Addington Raceway and Events Centre and our partners, ultimately allowing members of the public, groups of friends and family to still enjoy Cup Day in their way, from "their place". Over 130 known establishments across Christchurch, Auckland, Hamilton, and Queenstown took part in this initiative. The campaign had three elements/pillars all with Addington Raceway at the centre.

- Hospitality - we teamed up with Hospitality NZ to engage with all bars and restaurants in New Zealand, helping them create 'Cup Day packages', equipping them with branding and creative assets for their establishment to make it feel like they were attending Cup Day at Addington Raceway.
- Racing – TAB NZ came on board as a partner. We designed fields, demonstrative pictures and how to bet sheets which were delivered to all hospitality venues as part of the activation.
- Fashion – We created a website to house an online fashion competition, allowing all people around New Zealand to be a part of the day. It was the first time New Zealand had a race day fashion competition online. Over 400 fashion entries were received, the highest we have ever received.

A true national campaign – far reaching success in engaging current and procuring new audiences!!

Due to the continued restrictions from Covid-19, all areas of our business were heavily impacted financially. During this period, we, like many others, were subject to plenty of uncertainty, disruption, and last-minute

changes, but through all of this, our team carried on ensuring we delivered 62 race meetings and many large events in the last quarter of the season. With respect to the challenges, it was pleasing to see how well our organisational values continued to shine through:

- We, Not I
- Aim for Excellence
- We Listen
- Be Resourceful
- We Care

I wanted to personally thank all the NZMTC team for their efforts in continuing to operate where possible under these circumstances and always having our club's best interest at heart.

Racing

Our club again played its part as an industry leader, hosting 59 race meetings of our own with over half of these hosted behind closed doors. Two were abandoned due to Covid-19 restrictions in place at the time, whilst the club hosted Ashburton, Kaikoura, and Westport, who were all effected by Covid-19. The 59 meetings of our club had 567 races and 5783 horses compete with an average fields size of 10.19, slightly higher than the national average. This is truly a remarkable effort delivered by a passionate group of industry professionals. Thank you, Darrin Williams, Brian Rabbitt, John Denton and your wider teams, you all deserve to be celebrated for your efforts during this disrupted season.

Turnover on IRT NZ Trotting Cup Day was pleasing at \$6.2 million (including export) with Show Day at \$3.5 million. Given all the restrictions in place, these figures compare well with the previous year where thirteen races were held both days. Gross betting margins for both days were also pleasing at 19% and 21% respectively.

No public on course for both meetings had negligible effect on the quality of racing which was again at the highest standard. Cup Day saw Oscar Bonavena take out the Livamol NZ Trotting Free-For-All while the Woodlands Stud NZ Sires' Stakes Final was won



by Franco Indie for his huge ownership group. Our greatest race, the IRT NZ Trotting Cup was won by the wonderful North Island pacer, Copy That. Trained by Ray Green and driven by Blair Orange, he was too good for defending champion Self Assured.

For owners Merv and Meg Butterworth, Copy That provided them with their second Cup winner having previously won with Arden Rooney. It was very unfortunate that Merv and Meg could not be on course, however our club celebrated with them and made a presentation of the Cup to them later in the season when they were able to be present at Addington.

Show Day was something to behold racing wise, with two NZ records recorded. South Coast Arden won the Spring Back With Mediaworks NZ Pacing Free-For-All in a mile rate 1.51.3, beating Self Assured and Krug. The most stunning performance on the day, and maybe of the entire harness racing season, was produced by Sundees Son in the Renwick Farms Dominion Trot. He trotted an incredible time of 3.56.6, a time that would have won most NZ Trotting Cups to confirm his champion status.

Our club was again leading from the front with running 18 race meetings over 9 weeks (including each Sunday) during the winter. This offered participants the luxury of reduced travel times and allowed them to remain undercover in the stable block whilst racing on a track equal to anywhere in the world. We also contributed to this successful period of racing where revenue outstripped stakes and costs by almost \$500,000. This profit for Harness Racing assists with the running of other meetings, including those of our own club.

We, as a club, are also mindful of not just focusing on turnover, but rather focusing on gross betting margin, which is the profit levels produced from betting. If we can provide more profitable races then, eventually, we will see more funding being directed at stakes, which we believe should always be the focus when programming races. It has always been, and remains our main aim, to drive the industry toward a financially sustainable future and we look forward to continuing working with HRNZ for the benefit of our club, our industry and stakeholders. In summary all that our club does is for the benefit of harness racing.

There were many other feature races run throughout the season, but it was one of change. The change of the horse's birthday in NZ resulted in several alterations being made to the programme of feature races. For our club this meant that the second half of the season was not as busy with Group races as in previous years. We are confident that this will increase as the changes become established during the remainder of 2022, and onwards to 2023.

Our annual Addington Awards have also been altered to fit in with what will become a calendar year. To that end all competitions have been extended to run from August 2021 until December 2022, after which they will be based on a calendar year.

Our club also looks forward to hosting the first "Grand Prix" race day in December this year, where eight Group 1 races will be run with stakes well over \$1 million. Get ready to be impressed.

The welfare of horses continues to be one of our main priorities. Our club ensures our track and stabling areas exceed HRNZ's Health and Animal Welfare Policy and treats all horses that race on our track with compassion and respect. We recognise and believe that all our

members, sponsors, business partners and clients who enjoy attending race meetings at our club have a genuine interest in the care of horses.

Events Centre

For the Events Centre, including Spectators, this season was one out of the ordinary and not in a great way. We were once again reminded how quickly life can change; one day we were operating at Level 1 and the next day we were forced to operate at Level 4. We were placed into Alert Level 4 from 18 August until 31 August and spent the rest of the year at Level 2, resulting in the cancellation of 100+ events with expected guests of over 13,000. The sales team, led by Joanne McMaster, did an amazing job ensuring all event organisers were communicated with and looked after whether they were wishing to simply cancel or wanting alternate dates to be found.

Although, for our team to have to host Cup Week with no public was disappointing, the 2,000 people that attended on course had a fantastic time. We even had some guests ask if future Cup Days could be restricted to racing enthusiasts every year. I am very proud with the way Cup Week was delivered; Graeme Jones (Events Centre Manager) and his team did an exceptional





Accountants, VJ Henderson, Icar, Cert, Livingston First Realty, Registered Master Builders, Harrison Bloy, Christchurch Casino, Synlait, Fulton Hogan, Fonterra, Radcliffe, NZME and Hawkins.

It is important to recognise the support also provided to the Events Centre from the wider Addington team, in particular Tim Rattray (Facilities), our Marketing department led by Simon Carter, and our Finance, I.T and Health and Safety areas led by Catherine McLeavy. These teams provide wonderful support and do an outstanding job behind the scenes.

Property

The suburban commercial property market has continued to be challenging while at the same time our joint venture (JV) (one third share) partner Trophy Metropolitan Ltd (TML) in the Wrights Road development has been keen to downsize their interest. To this end we have taken a 50% interest in 106WR LP (Limited Partnership) which has bought the buildings at 106 and 128 Wrights Road together with its associated car park. Also, the JV has sold the property at 116 Wrights Road. These deals have released cash for TML, paid off considerable debt to the BNZ and generated surplus cash to NZMTC.

The vacant top floor of 106 Wrights Road was leased by the LP during the year. Also, during the year 118 Wrights Road became vacant, and while there is a temporary lease for part of it, this property is being marketed as For Sale or Lease. At balance date we were slightly above 70% occupancy. Since balance date one lease renewal has taken place and two new leases for vacant space negotiated. Overall, a pleasing result. Our property team remains focused on securing new tenants and will continue to work hard on filling vacant spaces. Deb d'Guild (property administrator) does an excellent job in managing the day-to-day aspects of the property portfolio and has built a working relationship with current tenants who are all keen to remain.

Racetrack

We are again impressed with the performance of our racetrack. During the months of June and July we held 18 race meetings and the track held up exceptionally well, considering it was one of Canterbury's wettest winters on record. In one week in July alone, over 140mm of rain fell. The track team continues to improve the racing surface, adjusting throughout the season to ensure we present the track in the best

job, once again highlighting what Cup Week means to Canterbury and our club.

Although this season, total revenue for our Events Centre was down on budget, the result was a lot better than we were forecasting mid-season. With the rest of 2022 looking positive with event numbers the team all understands the commitment required to ensure we remained focused on the bottom line rather than just revenue generation whilst at the same time ensuring our guest experience is second to none. Something that I am confident our team can and will deliver.

With such a challenging year we are very fortunate to have so many regular loyal supporters of Addington, some of whom have been coming here for years. Although many cancelled, most have rescheduled so we look forward to hosting them in the future. A special thank you to our regular clients such as Crusaders, Experience Group, Kidsfirst, Harcourts, Mitre 10, ITM, ECAN, Ministry of Education, Master Electricians, Lamb and Hayward, Academy Funerals, Chartered

possible condition for safe and competitive racing. We applaud John Denton and his team who do an amazing job maintaining our track, resulting in it being regarded as one of the best in Australasia.

Gratitude

I would like to extend my thanks and appreciation to the Board, management team and the wider team; the support I receive guarantees we remain New Zealand's premier racing and events venue. Our teams are full of people who truly care about our club, many of whom are long serving employees who strengthen our values and provide a profound institutional knowledge and loyalty that we benefit from every day.

On a personal note, I would like to extend my sincere thanks and appreciation to David Rankin who is stepping down from his position as Chair of our JV Board, and Director of NZMTC. David joined our Board way back in 2005 and served as Chair of NZMTC from 2008-2013. David has always had our club's best interest at heart. He has been a great director with his commercial property and business acumen and representing the harness racing industry with lively and energetic enthusiasm and positivity. David, thank you for the mentorship you have provided me regarding all aspects of commercial property in my position as CEO. David,

in your position as Chair of the JV you have provided our club a great service and always protected our best interest, you will be missed, and we all wish you the very best.

The Future

The new season will provide many opportunities and possibilities for our club as our focus and planning turn towards a Cup and Show Week where we can once again welcome 20,000 + people and give them all a reason to dress up, celebrate with friends and family, and enjoy some exceptional racing and entertainment.

Our focus as a team remains on working towards the goals agreed to by the Board and management team, ensuring the longevity of the club and safeguarding the well-being of our team, stakeholders, guests, and clients. We take our responsibilities seriously and invite you to join us as we look towards next season.



Brian Thompson
Chief Executive Officer



GROUP ONE WINNERS

COPY THAT

IRT New Zealand Trotting Cup



FRANCO INDIE

Woodlands Stud Sires Stakes Final



OSCAR BONAVENTA

Livamol NZ Trotting Free-For-All



SUNDEES SON

Renwick Farms Dominion Trot



SOUTH COAST ARDEN

Spring Back with MediaWorks NZ Pacing



BETTOR TALK ART

Fahey Fence Hire 50th NZ Breeders



SUNDEES SON

Fred Shaw Memorial NZ Trotting Champs



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NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ending 31 July 2022

	Note	Group 2022 \$	2021 \$
Operating revenue			
Revenue from non-exchange transactions		812,406	760,705
Revenue from exchange transactions:			
- Race meeting revenue		12,284,527	13,460,199
- Events Centre revenue	5	2,430,532	5,812,177
Interest revenue		9,776	2,244
Income from investment and development property		1,756,066	3,764,107
Rental revenue		696,843	667,900
Membership revenue		63,709	4,728
Course advertising revenue		189,612	251,395
Other revenue		101,230	84,846
Total operating revenue		18,344,701	24,808,301
Operating expenses			
Raw materials and consumables used		695,702	1,393,875
Employee benefits expense		3,752,639	4,805,422
Interest expense		706,368	874,624
Depreciation and amortisation expense	7	1,118,965	1,149,807
Directors fees	16	170,000	176,000
Operating expenses		1,980,227	3,002,229
Marketing and administration expenses		498,981	658,764
Stakes and incentives		9,659,766	10,763,141
Expenses from investment property		743,855	843,397
Total operating expenses		19,326,503	23,667,259
Share of surplus of joint venture	9	173,200	0
Net operating surplus/(deficit) before tax		(808,602)	1,141,042
Income tax expense	6	0	0
Net operating surplus/(deficit) for the year		(808,602)	1,141,042
Net operating surplus/(deficit) for the year is attributable to:			
Non-controlling interest		58,755	625,921
Members of the Parent		(867,357)	515,121
		(808,602)	1,141,042

The above financial statements should be read in conjunction with the accompanying notes

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ending 31 July 2022

	Note	Group	
		2022	2021
		\$	\$
Net operating surplus/(deficit)		(808,602)	1,141,042
Other revenue and expense, net of tax			
Net realised fair value losses on investment properties - buildings		(275,143)	0
Net unrealised fair value gains/(losses) on investment properties - land and buildings	8, 12	(187,333)	3,253,089
Net unrealised fair value gains on joint venture investment properties - buildings		1,403,000	0
Net gain/(losses) on disposal of property, plant and equipment		71,198	(5,656)
Other revenue and expense, net of tax		1,011,722	3,247,433
Total comprehensive revenue and expense for the year		203,120	4,388,475
Net surplus/(deficit) and total comprehensive revenue and expense for the year is attributable to:			
Non-controlling interest		(85,711)	1,710,284
Members of the Parent		288,831	2,678,191
		203,120	4,388,475

The above financial statements should be read in conjunction with the accompanying notes

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the year ending 31 July 2022

	Retained earnings \$	Group Non- controlling interest \$	Total \$
2022			
At 1 August 2021	76,744,576	8,994,293	85,738,869
Total comprehensive revenue and expense for the year	288,831	(85,711)	203,120
Transactions with owners in their capacity as owners:			
Cash distributions to non-controlling interest	0	(3,711,506)	(3,711,506)
At 31 July 2022	77,033,407	5,197,076	82,230,483
2021			
At 1 August 2020	74,066,385	7,500,133	81,566,518
Total comprehensive revenue and expense for the year	2,678,191	1,710,284	4,388,475
Transactions with owners in their capacity as owners:			
Repayment of advance to non-controlling interest	0	(216,124)	(216,124)
At 31 July 2021	76,744,576	8,994,293	85,738,869

The above financial statements should be read in conjunction with the accompanying notes

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2022

		Group	
	Note	2022	2021
		\$	\$
Assets			
Non-current assets			
Trade and other receivables		5,655	7,440
Property, plant and equipment	7	49,483,746	50,427,448
Investment properties	8	32,930,000	48,630,000
Investment in joint venture	9	7,223,200	0
Intangible assets		54,794	61,507
Total non-current assets		89,697,395	99,126,395
Current assets			
Inventories (food and beverage)		256,206	251,246
Trade and other receivables	10	2,166,318	2,355,842
Cash and cash equivalents	11	3,331,060	1,530,286
Assets held for sale	12	3,100,000	10,094,000
Total current assets		8,853,584	14,231,374
Total assets		98,550,979	113,357,769
Liabilities			
Non-current liabilities			
Loans and borrowings	14	0	222,764
Total non-current liabilities		0	222,764
Current liabilities			
Trade and other payables	13	3,545,851	2,404,848
Loans and borrowings	14	12,549,000	24,628,680
Employee benefit liability		225,645	362,608
Total current liabilities		16,320,496	27,396,136
Total liabilities		16,320,496	27,618,900
Net assets		82,230,483	85,738,869
Equity			
Equity attributable to equity holders of the Parent:			
Accumulated comprehensive revenue and expense		77,033,407	76,744,576
Total equity attributable to equity holders of the Parent		77,033,407	76,744,576
Non-controlling interests		5,197,076	8,994,293
Total equity		82,230,483	85,738,869

The above financial statements should be read in conjunction with the accompanying notes

For and on behalf of the Board, who authorise the issue of these financial statements on 17 October 2022

N James
Director



T Sissons
Director



NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ending 31 July 2022

	Note	Group	
		2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		18,683,084	23,501,107
Payments to suppliers		(12,736,744)	(16,137,080)
Payments to employees		(3,889,602)	(5,000,478)
Interest received		9,776	2,244
Interest paid		(697,352)	(874,403)
Net cash flows from operating activities		1,369,162	1,491,390
Cash flows from investing activities			
Refurbishment and strengthening of the Metropolitan Stand, stables and carpark		(158,878)	(98,264)
Sale/(purchase) of property, plant and equipment		19,917	(222,436)
Sale/(purchase) of investment properties		22,231,523	(280,034)
Purchase of share in joint venture		(5,647,000)	0
Net cash flows used in investing activities		16,445,562	(600,734)
Cash flows from financing activities			
Repayment of borrowings		(12,302,444)	(729,725)
Cash distribution/repayment of advance to non-controlling interest		(3,711,506)	(216,124)
Net cash flows used in financing activities		(16,013,950)	(945,849)
Net increase/(decrease) in cash and cash equivalents		1,800,774	(55,194)
Cash and cash equivalents at 1 August	11	1,530,286	1,585,479
Cash and cash equivalents at 31 July	11	3,331,060	1,530,286

The above financial statements should be read in conjunction with the accompanying notes

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2022

1 Reporting entity

New Zealand Metropolitan Trotting Club (Inc) is an incorporated society established under the Incorporated Society Act 1908.

The primary objective of New Zealand Metropolitan Trotting Club (Inc) is to promote and conduct harness racing and host a range of events for the ultimate benefit of the Harness Racing Industry.

The financial statements of the New Zealand Metropolitan Trotting Club (Inc) (the Parent) and its subsidiaries (collectively the Group) for the year ended 31 July 2022 were authorised for issue in accordance with a resolution of the Directors on 17 October 2022.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). For the purpose of complying with GAAP the Parent and Group are public benefit entities (PBE). The financial statements have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities and disclosure concessions have been applied. The Group is eligible to fall into Tier 2 and report in accordance with PBE Standards RDR because it does not have public accountability and it is not large.

Management is not aware of any material uncertainties that may cast significant doubt on the Groups ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

Measurement base:

The financial statements have been prepared on a historical cost basis, except for investment and joint venture properties, which have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

b) Changes in accounting policies and disclosures

There have been no changes in the accounting policies of the Group in the year ended 31 July 2022. All accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of New Zealand Metropolitan Trotting Club (Inc) and its subsidiaries (as outlined in note 4) as at 31 July each year (the Group).

Subsidiaries are all those entities over which the Group has control.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and surplus and deficits resulting from intra-group transactions have been eliminated in full, with the exception of Events Centre revenue as outlined in note 5.

Subsidiaries 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 transferred out of the Group.

d) Financial instruments

All financial instruments are initially recognised at the fair value of the consideration received less, in the case of financial assets and liabilities not recorded at fair value through the profit or loss, directly attributable transaction costs. Subsequently the Group apply the following accounting policies for financial instruments:

i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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.

ii) Loans and receivables

Loans and receivables consist of trade receivables:

Trade receivables, generally have 30-60 day terms, and are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2022

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

iii) Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payables and loans and borrowings.

Trade and other payables:

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Loans and borrowings:

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs:

Borrowing costs are recognised as an expense when incurred. The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

e) Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to a plan to sell the asset within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the statement of financial position.

f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is calculated on a combination of straight-line and diminishing value basis using the useful lives permitted for income tax purposes. Useful lives are as follows:

Land - not depreciated
Buildings - over 10 to 50 years
Plant and equipment - over 1.5 to 67 years
Motor vehicles - over 6 to 16 years
Computer equipment - over 4 to 7 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive revenue and expense.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2022

g) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature or condition of the specific asset at the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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 is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

h) Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its joint venture is accounted for using the equity method of accounting in the consolidated financial statements.

i) Leases

Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

j) Impairment of non-financial assets other than goodwill

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An annual internal review of asset values is conducted, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill, that suffered an impairment, are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

k) Employee leave benefits

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They 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.

Defined contribution expenses are included within the definition of employee benefits.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2022

l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised.

Revenue from exchange contracts:

i) Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed.

ii) Rendering of services

Revenue from the use of the facilities is recognised when there is persuasive evidence, usually in the form of an executed sales agreement, at the time of use of the facilities and the price is fixed.

iii) Rental revenue

Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

iv) Sponsorship

Sponsorship revenue is the amount received or receivable as a result of third party use of the New Zealand Metropolitan Trotting Club Inc and related brands. Revenue from sponsorship is recognised making reference to the terms and conditions of the sponsorship agreements.

New Zealand Metropolitan Trotting Club Inc has performance obligations under these agreements and the sponsorship revenue has been apportioned to those performance obligations and recognised to the extent those performance obligations have been fulfilled at balance date. In instances where performance obligations remain outstanding at balance date, allocated sponsorship revenue is deferred and included in liabilities.

Revenue from non-exchange contracts:

Grants

Grants are deferred only when there is both future performance obligations and return obligations attached. When there are no performance and return obligations attached, the grants are recognised in the period they become receivable. In 2022 grants and funding from non-exchange transactions include Government funding relating to Covid-19, Industry grants and Gaming grants.

Total revenue for the year ended 31 July 2022 was \$18,344,701 (2021: \$24,808,301).

m) Income tax and other taxes

Income tax is accounted for using the taxes payable method. The income tax expense recorded in the consolidated statement of comprehensive revenue and expense for the period represents the income tax payable for the period.

The current income tax asset or liability recognised on the statement of financial position represents the current income tax balance due from or obligation to the Inland Revenue Department at balance date.

New Zealand Metropolitan Trotting Club (Inc) (the Club) is exempt from paying income tax.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except: when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2022

n) Equity

No one person has any residual interest in the Club. On the dissolution of the Club, the assets would be disposed of in accordance with the provisions of Section 24 of the Racing Industry Act 2020.

3 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit 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 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 discounted cashflow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group 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.

Estimation of useful lives of assets

The estimation of the useful lives of property, plant and equipment has been based on historical experience. Adjustments to useful lives are made when considered necessary.

Valuation of investment property

The Group measures investment property at fair value. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The Group engaged independent valuation specialists to assess fair value as at balance date. The valuations were based on market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

4 Group information

Subsidiaries

The consolidated financial statements of New Zealand Metropolitan Trotting Club (Inc) include the financial statements of the following subsidiaries:

	Equity Interest	
	2022	2021
Addington Raceway Limited	100%	100%
Addington Raceway Properties Limited	100%	100%
NZ Metropolitan Properties Management Limited	67%	67%
NZ Metropolitan Properties Limited*	67%	67%

*There are no transactions through this company.
All companies are incorporated in New Zealand.

Joint ventures in which the Group is a venturer

During the 2022 financial year the Group purchased a 50% equity interest in 106WR Limited Partnership, a joint venture that holds investment properties available for rent.

5 Events Centre revenue

Events Centre revenue includes an amount of \$119,847 (2021: \$259,623), relating to inter-entity transactions.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ending 31 July 2022

6 Income Tax

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 2022 and 2021:

	Group	
	2022	2021
	\$	\$
Surplus before income tax	203,120	4,388,475
Operating tax exempt portion	(178,642)	(4,330,236)
Operating surplus subject to income tax	24,478	58,239
At statutory income tax rate of @ 28% (2021: 28%)	6,854	16,307
Utilisation of previously unrecognised tax losses	(6,854)	(16,307)
Income tax expense reported in the statement of financial performance	0	0

The future tax benefit on group tax losses carried forward in 2022 amounted to \$1,617,504 (2021: \$1,675,801). These have not been recorded in the consolidated statement of comprehensive revenue and expense or the consolidated statement of financial position as the Club is exempt from income tax.

7 Property, plant and equipment

	Group						
	Freehold land	Buildings	Furniture & fittings	Plant & equipment	Track lighting	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 31 July 2021							
Depreciation charge for the year	0	819,293	35,059	270,133	13,922	0	1,138,407
Amortisation charge for the year							11,400
							1,149,807
Year ended 31 July 2022							
Depreciation charge for the year	0	795,329	29,246	245,150	16,680	0	1,086,405
Amortisation charge for the year							32,560
							1,118,965
Year ended 31 July 2022							
Cost or fair value	23,710,000	28,771,858	1,130,948	5,281,136	516,999	80,116	59,491,057
Net additions/(disposals)	0	162,236	(16,273)	(38,670)	0	(48,260)	59,033
Accumulated depreciation and impairment	0	(4,998,777)	(1,038,180)	(3,895,144)	(134,243)	0	(10,066,345)
Net carrying amount	23,710,000	23,935,317	76,495	1,347,322	382,756	31,856	49,483,746

At balance date the Group had capital commitments of \$Nil (2021: \$Nil).

8 Investment properties

	Group
	2022
	\$
Opening balance as at 1 August	48,630,000
Additions	24,763
Disposals	(12,467,528)
Reclassification to assets held for sale	(2,750,000)
Net fair value losses on investment properties - land and buildings	(507,235)
Closing balance as at 31 July	32,930,000

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 July 2022

Investment properties with a carrying value of \$25,150,000 (2021: \$40,850,000) are subject to a first charge from the Group's bank loans.

Investment properties are carried at fair value based on valuations performed by C Stanley MProp (Distn), FNZIV, FPINZ, AAMINZ, of the firm TelferYoung (Canterbury) Ltd as at 31 July 2022.

The valuations were prepared in accordance with International Valuation Standards and Guidance Papers for Valuers and Property Professionals published by the Australian Property Institute (API), Property Institute of New Zealand (PINZ) and New Zealand Institute of Valuers (NZIV). Valuations are determined by a reference to observable market data, such as sale of properties in the same location and condition and with similar lease profiles. The capitalisation approach uses market rentals and capitalisation rates.

Key assumptions and inputs used in measuring the fair value of the investment properties are as follows:-

Discounted cash flow model	10 years
IRR rates	7.08% - 8.21%
Occupancy	0% - 100%
Equivalent market yield	5.80% - 6.96%

At balance date there were group capital commitments for investment properties of \$Nil (2021: \$Nil).

9 Investment in a joint venture

During the 2022 financial year the Group purchased a 50% interest in 106WR Limited Partnership. The Group's interest in 106WR LP is accounted for using the equity method in the consolidated Group financial statements.

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated Group financial statements are set out below:

Summarised statement of financial position of 106WR LP:

	2022
	\$
Current assets	623,446
Non-current assets	25,100,869
Current liabilities	(277,915)
Non-current liabilities	(11,000,000)
Equity	14,446,400
Proportion of the Group's ownership	50%
Carrying amount of investment in Group's financial statements	7,223,200

Summarised statement of financial performance of 106WR LP:

	2022
	\$
Revenue	844,236
Expenses	(497,836)
Net operating surplus before tax	346,400
Income tax expense	0
Net operating surplus for the year	346,400
Group's share of surplus (50%)	173,200

The joint venture had no contingent liabilities or capital commitments as at 31 July 2022.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ending 31 July 2022

10 Current assets – trade and other receivables

	Group	
	2022	2021
	\$	\$
Trade receivables	2,014,233	1,846,190
Trade receivables - associate	4,891	0
Prepayments	138,276	500,879
Redeemable preference shares	8,918	8,773
Carrying amount of trade and other receivables	2,166,318	2,355,842

At balance date trade receivables includes \$Nil (2021: \$Nil) owing from non-exchange transactions. The terms and conditions of related party receivables are stated in note 15.

11 Current assets – cash and cash equivalents

	Group	
	2022	2021
	\$	\$
Cash at bank and on hand	1,666,748	1,530,286
Short-term deposits	1,664,312	0
Closing balance as at 31 July	3,331,060	1,530,286

12 Non-current assets held for sale

As at 31 July 2022, one of the five investment properties held by the Group has been classified as held for sale.

	Group
	2022
	\$
Opening balance as at 1 August	10,094,000
Additions	37,712
Disposals	(10,101,614)
Reclassification from investment properties	2,750,000
Net fair value gains on investment properties - land and buildings	319,901
Closing balance as at 31 July	3,100,000

This property had been marketed for sale, and subsequently sold for \$3,100,000 on 3 August 2022.

13 Current liabilities – trade and other payables

	Group	
	2022	2021
	\$	\$
Trade payables	2,632,010	1,854,970
Trade payables - associate	8,431	0
Deferred income (short term)	905,410	549,879
Carrying amount of trade and other payables	3,545,851	2,404,848

The terms and conditions of related party payables are stated in note 15.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ending 31 July 2022

14 Loans and borrowings

	Group	
	2022	2021
	\$	\$
Non-current		
Secured bank loans	0	222,764
Current		
Secured bank loans	12,549,000	24,628,680

At balance date the Group had drawn down \$12,549,000 (2021: \$24,851,444) from secured bank loan facilities of \$25,116,685 (2021: \$28,800,000). The full amount (2021: \$347,259) is due to mature within the next financial year and has therefore been classified as current. Interest on this loan is currently 4% and is calculated on a floating basis using the bank's commercial loan base rate plus a margin.

New Zealand Metropolitan Properties Limited guarantees the external borrowings of the unincorporated Joint Venture between New Zealand Metropolitan Trotting Club Inc and Trophy Metropolitan Limited. New Zealand Metropolitan Properties Limited is a non-trading company.

15 Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Group	
	Purchases from Related Parties	
	\$	
Winchester & Associates - services from a consultant who is also a Director of NZ Metropolitan Properties Management Ltd	2022	0
	2021	4,200
Ainger Tomlin Ltd - services from a consultant who is also a General Partner of 106WR LP	2022	835
	2021	0

Directors may transact with the Club via stakes payments and stakes initiatives.

Terms and conditions of transactions with related parties

There were no outstanding balances at year-end (2021: \$Nil).

Allowance for impairment loss on trade receivables

For the year ended 31 July 2022, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2021: \$Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Compensation of Key Management Personnel

Key management personnel of the Group include the Chief Executive and Executive Management team (6). Total compensation paid to key management personnel during the year totaled \$867,891 (2021: \$723,221).

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ending 31 July 2022

16 Directors Fees

	Group	NZMTC	NZMPML
	2022	2022	2022
	\$	\$	\$
Jane Davis	10,125	10,125	0
Simon Doig	21,500	13,500	8,000
Karen Fordyce	3,375	3,375	0
John Grainger	13,500	13,500	0
John Hartnell	25,875	25,875	0
Nick James	10,125	10,125	0
Ged Mooar	13,500	13,500	0
David Rankin	25,500	13,500	12,000
Tim Sissons	21,375	21,375	0
Brent Smith	9,125	7,125	2,000
Non associated directors	16,000	0	16,000
Total directors fees	170,000	132,000	38,000

17 Commitments and contingencies

Operating lease commitments – Group as a lessor

The Group has entered into commercial property leases on its property portfolio. These non-cancellable leases have remaining terms of between 0 and 6 years. Some leases include a clause to enable revision of the rental charge according to prevailing market conditions.

Future rentals receivable under non-cancellable operating leases as at 31 July 2022 and 2021 are, as follows:

	Group	
	2022	2021
	\$	\$
Within one year	1,414,849	2,348,441
After one year but not more than five years	3,300,420	6,353,345
More than five years	68,664	24,954
	4,783,933	8,726,740

There are no contingent liabilities or assets.

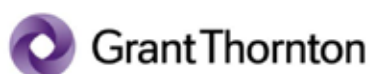
18 Impact of Covid 19

In March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. During the current reporting year and for an unknown period into the future, the pandemic continues to result in both loss of revenue and additional expense to the Club. In particular, the measures listed in New Zealand's 4 level alert/traffic light system ("lock down") have affected the Club in a number of ways including the inability to hold race meetings and limits on the numbers allowed for events and gatherings. The Club has claimed the wage subsidies offered by the government and the resurgence Grant administered by Inland Revenue.

19 Subsequent events

There were no material events subsequent to balance date.

AUDITOR'S REPORT



Independent Auditor's Report

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To the Members of New Zealand Metropolitan Trotting Club Incorporated

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of New Zealand Metropolitan Trotting Club Incorporated (the "Society") and its controlled entities (the "Group") on pages 15 to 29 which comprise the consolidated statement of financial position as at 31st July 2022, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31st July 2022 and its financial performance and cash flows for the year then ended in accordance with PBE FRS RDR issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Other Matter

The financial report of New Zealand Metropolitan Trotting Club Incorporated for the year ended 31st July 2021 was audited by another auditor who expressed an unmodified opinion on those statements on 21st September 2021.

Other Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to use after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with {applicable framework} issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance on behalf of the entity are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state to the Group's members, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, its members, as a body for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



Michael Stewart

Partner

Christchurch

19 October 2022

NOTICE OF 2022 ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of the NZ Metropolitan Trotting Club Inc. will be held in the Terror to Love Lounge, Metropolitan Stand, Addington Raceway & Events Centre, Christchurch on Thursday 3 November 2022 at 5.30pm.

ORDER OF BUSINESS

1. Annual Report and Financial Statements

To receive and adopt the Annual Report and audited Consolidated Financial Statements for the year ended 31 July 2022.

2. Election of Life Members:

To approve the election of Brent Smith and Peter Evans as Life Members of the Club

3. Member Subscriptions for the 2023-2024 year:

In accordance with Rule 8.5, members' subscriptions will increase in line with CPI for the 2023-2024 season. No other change to membership subscriptions is proposed.

4. Appointment of Directors

Ged Mooar is to be appointed for a further term of three years.

5. Auditors

To approve the appointment of an auditor for the 2022-2023 year be left with the Board to approve and to fix the remuneration.

6. Directors Fees

To approve the remuneration to be paid to the Directors of the NZ Metropolitan Trotting Club Inc for the year 1 November 2022 to 31 October 2023, be increased from \$132,000 to \$150,000. The allocation of such funds to be at the discretion of the Directors.

7. General Business

For and on behalf of the Board:

Brian Thompson

Chief Executive Officer

17 October 2022

Registered Office

NZ Metropolitan Trotting Club Inc, 75 Jack Hinton Drive, Addington, Christchurch 8024

Solicitors

Saunders Robinson Brown, Level 2, 130 Kilmore Street, Christchurch 8013
Bell Gully, Vero Centre, 48 Shortland Street, Auckland, New Zealand

Auditors

Grant Thornton, Lv3 Grant Thornton House, 134 Oxford Terrace, Christchurch 8140

Bankers

ANZ National Bank Ltd, Level 3, 267 High Street, Christchurch 8011
BNZ Cashel & Fitzgerald Store, Level 4, 111 Cashel Street, Christchurch 8011

