



New Zealand Metropolitan Trotting Club Inc

2018 ANNUAL REPORT



Registered Office: New Zealand Metropolitan Trotting Club Inc, 75 Jack Hinton Drive, Addington, Christchurch 8024

Solicitors: Cavell Leitch, Level 3, 111 Cashel Mall, Christchurch 8011
Saunders Robinson Brown, Level 2, 130 Kilmore Street, Christchurch 8013
Bell Gully, Vero Centre, 48 Shortland Street, Auckland, New Zealand

Auditors: Ernst & Young Chartered Accountants, 93 Cambridge Terrace, Christchurch 8013

Bankers: ANZ National Bank Ltd, Lincoln Road, Addington, Christchurch 8024
BNZ Cashel & Fitzgerald Store, 114 Fitzgerald Ave, Linwood, Christchurch 8011



CONTENTS

- 2 CHAIR & CEO'S REPORT
- 5 RACING
- 8 GROUP ONE WINNERS
- 11 PROPERTY
- 12 EVENTS CENTRE
- 14 RACING & CHARITY PARTNERS
- 17 CONSOLIDATED FINANCIAL STATEMENTS
- 30 AUDITOR'S REPORT
- 32 NOTICE OF 2018 ANNUAL GENERAL MEETING



Left to Right: Brent Smith, Rt Hon Winston Peters, Karen Fordyce

CHAIR & CEO'S REPORT

We are pleased to again be able to report an operating surplus this year. This was the eighth consecutive year that we have been able to achieve this and to do so in a challenging trading environment for hospitality in Christchurch is particularly pleasing.

A new strategic plan for the business was completed during the year. This gives us real clarity on where our efforts must be focused over the next five years. It was pleasing to confirm our Core Purpose: To support and nurture a sustainable harness racing industry in Canterbury & New Zealand. The key message from this restated purpose is that everything we do is to support harness racing. The reason we have an Events Centre, Spectators and a commercial property portfolio is to create a diversified business that supports our position as Australasia's leading harness racing venue.

We were pleased that our Events Centre business managed to hold revenue at 97% of the prior year. While it might sound a little unusual to be happy with revenue that is below last year's number, the context is an increasingly competitive marketplace in terms of a record number of hospitality outlets in Christchurch, but with no more customers to service. Many local businesses now have their own boardroom and meeting facilities again, which limits some of the opportunities that we have enjoyed in this space over recent years. The Events Centre team does an outstanding job for our clients, which is evidenced by the consistently positive feedback we receive and by the number of organisations who choose to use our facilities on a regular basis. It is important to note that

the Events Centre is still achieving twice the revenue that it was prior to the Canterbury earthquakes.

Commercial office space is in a downward part of the cycle at present with so much additional having opened in the CBD over the past 18-24 months. Given this, it has been a very pleasing year for our joint venture property company, with the highlight being the leasing of the majority of the previously vacant building at 128 Wrights Road. While we did not see any financial benefit from this in the 2017-2018 year, having a long-term lease in place, with an excellent tenant, sees us well positioned for the future and just as importantly this has contributed to us being able to negotiate improved terms with our bank. The Addington team is doing an excellent job in managing the day-to-day aspects of the property portfolio, which is a key part of having happy tenants who are keen to stay with us.

We were delighted to host another successful Christchurch Casino New Zealand Trotting Cup Day and what a thrill it was to see a superstar like Lazarus dominate the race once again. We were delighted with the number of guests we attracted on the day and with the standard of behavior throughout the day. We take host responsibility very seriously and once again we have received very positive feedback from the police

and licensing authorities on our efforts. Our hospitality offering during Cup Week is something we are very proud of and this year the standard was as high as ever. The amount of planning that goes into presenting the racecourse in such a splendid fashion has to be seen to be believed – nothing is left to chance. While having to clear the Metropolitan Stand on the day (due to a fire alarm) wasn't what we would have chosen for the day, the calm and efficient way this was handled was a credit to the professionalism of our team, our planning and our rigorous training standards. Another undoubted highlight of Cup Week was the success of Amaretto Sun in the time-honoured Haras des Trotteurs Dominion Trot. This was a real family affair with Sheree Tomlinson, at just 19 years of age, becoming the first woman driver to win the race. To do this for her grandfather Ken Ford, who bred, co-owns and trains the horse made it a wonderful occasion for a family with a proud history in harness racing. We are delighted with the ongoing support that we receive from the Christchurch Casino, the sponsor of the New Zealand Trotting Cup, the race that is so important to the Club and to the industry and we again extend our thanks to Brett Anderson, Chief Executive; Ken Matthews, Chair and the Racing Ambassador, Barry Thomas.

Our racing surface continues to be the best in Australasia and this is a credit to the fantastic work that our Racecourse Manager, John Denton, and his team do. Our aim is to present a consistently fast surface that is kind to horses and the feedback from horseman suggests we are achieving this. A great track contributes to high quality racing and we certainly

saw plenty of that this season. While there were many highlights across the season, many good judges suggested the Diamond Creek Farm New Zealand Pacing Derby was the best derby race for many a long year. The performance of Sheriff to win in New Zealand record time was outstanding, as was the run by Pat's Delight who was only just beaten.

With the number of horses available to race continuing to decline, it was a notable achievement to hold our average starters per race at just on 11. A significant contributor to this has been the success of the Met Multiplier; we have now paid out bonuses of more than \$1.5m to the connections of more than 200 individual horses. It is interesting to note it took four seasons to post the first 100 winners of the reward and just two further seasons to pay the next 100. The Club continues to pay a bonus to breeders of winners at Addington if they are members of the NZSBA. NZMTC is the only Club in New Zealand acknowledging the contribution of breeders to our industry in this way. It is opportune to thank the many owners and trainers who choose to support racing at Addington; we truly appreciate your support and acknowledge the important part you play in partnering with us to provide consistently high-quality harness racing action for our patrons and for punters.

Our many sponsors and business partners have been acknowledged elsewhere in this annual report, however we would like to say thank you from the Chair and CEO. You all make such an important contribution to our business and many of you have done so for many years. We acknowledge also our

New Zealand Metropolitan Trotting Club Board of Directors 2017-2018

Left to Right: Barry Dent, David Rankin, Peter Evans, Aidan Johnstone, Brent Smith, Tim Sissons, Karen Fordyce | **Absent:** John Grainger



partnership with the NZRB and HRNZ, both of whom contribute hugely to our ability to provide great racing product.

The business takes its Health & Safety responsibilities very seriously and we make no apology for this. We are very conscious of our obligations under the Health & Safety at Work Act, 2015 and most importantly we want all employees, contractors and visitors to have a safe experience at Addington. This year we have made some changes to the presentation area in an effort to separate sponsors and owners (license holders excepted) from the horse post the race. We understand that making changes such as this are not always universally popular, however we must do all we can to manage and mitigate known risks.

On a sad note, we acknowledge the passing of our much-loved employee and friend Colin Steele during the season. Colin spent 22 years at Addington and he made an immense contribution to our business and to our culture. He had a friendly word for everyone and was always on hand to help those in need.

We would like to acknowledge the contribution that our board makes to the organisation. We are fortunate to have a highly capable group of directors in place who put the best interests of the Club first. We thank them all for their contribution and the Chair wishes to acknowledge the support he has received from the Deputy Chair, Karen Fordyce. Barry Dent stepped down as Chair at the last Annual Meeting and did a fine job in handing over to Brent Smith. Thank you Barry for the excellent job you did as Chair of the Club we know means so much to you. We also thank the Race Meeting Stewards and their partners who do such an outstanding job for us in managing the Breckon's Winners Bar and the presentation area. This year's Race Meeting Stewards were Nigel Armstrong (& Brenda), Janis Hartley (& John Duxbury), Mike Grainger (& Sue), Rebecca Mooney (& John), Shirley Cummings (& Martin), Stephen Brown (& Kay), Kane Grieg (& Hayley) and Geoff Ward (& Vonne Kraak).

Our team at Addington do an outstanding job and care deeply about the Club. We have many long serving employees who underpin our culture and bring a deep institutional knowledge that we benefit from every day. These people live our values everyday – We, not I; Aim for Excellence; We Listen; Be Resourceful, We Care. We extend our thanks for all of our team, from

our longest serving employees to the young people who work for one day a year on Christchurch Casino New Zealand Trotting Cup Day – they all contribute to the success of the business. Special thanks goes to our Senior Management Team for their professionalism and the support they give to the Chair, Chief Executive and the board; Brian Thompson - GM Operations, Catherine McLeavy - GM Finance, Brian Rabbitt - Racing Manager, John Denton - Racecourse Manager, and Keryn McElroy - Business & Marketing Manager.

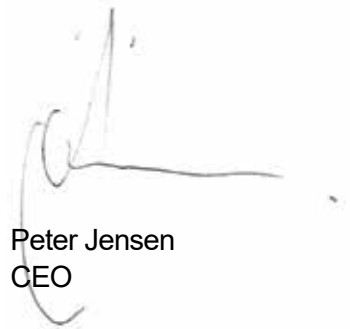
There is much to look forward to in the 2018-2019 season including hosting the 2019 Harness Jewels, which has been awarded to Addington by the board of HRNZ. We are delighted to be hosting such a key industry event and we are very aware of the responsibility we now have to deliver, in conjunction with HRNZ, a stellar day for the industry. Other important racing-related initiatives for the coming season include installation of state-of-the-art photo finish equipment (which will contribute to quicker confirmation of placing/payouts), rolling out Stridemaster on Trackside TV, and more self-service terminals for our on-course patrons.

As is custom, we take the opportunity to extend from our Club our sympathy to the families of Members who have passed away during the year.

We particularly thank all Members of our Club for their support over the last season. It is very much appreciated.



Brent Smith
Chair



Peter Jensen
CEO



RACING

The 2017-2018 racing season at Addington Raceway was again highly memorable with a total of 39 race meetings conducted by our Club, including eight five and six-star (premier) fixtures, with the highlight of course being Cup Week. We held a total of 385 races (14 less than the previous season), which included 41 group or listed races. Our average field size of 10.97 remained virtually in line with the previous racing season. The national average was 10.68.

This season we moved to a three-tiered minimum/maximum stake structure for three and four-star rated race days along with a \$20,000 minimum stake for five-star and \$25,000 for six-star rated race days. The minimum stake paid also increased at the start of the season from \$8,000 to \$10,000. This season once again saw the entire industry taking up the "You Start We Pay" initiative; a tribute to the success that we have enjoyed with this concept over the last couple of seasons. All starters continued to be guaranteed a pay-out of 2% of the stake for the race they competed in.

Our holistic approach to stakes and incentives also directly contributes to the consistent flow of horse traffic with the now well-established Met Multiplier Reward and the Met Breeders Bonus both playing integral roles. The Met Multiplier was once again a sought-after reward with 39 horses earning a bonus for their connections, resulting in \$292,500 being paid out for the season. When Jaw D Nancy, Jerry

Garcia and Medusa were all recipients of the Met Multiplier in the same race in late July, they became the 199th, 200th and 201st recipients of the Met Multiplier since its inception in August 2012. Our Club has now paid out more than \$1.5m in Met Multiplier Rewards, which we know has had a positive effect for the wider industry with owners telling us they are continuing to race horses that might have otherwise have been sold or retired.

In January 2014, our Club introduced the Met Breeders Bonus, which this season has seen a total of \$73,500 paid out directly to breeders. Since the inception of the Met Breeders Bonus, a total of approximately \$397,000 has been paid directly to breeders. We value the partnership and close working relationship we have with The Breeders, the Canterbury Standardbred Breeders Association and many, many breeders around the country from the major players to the hobbyist, all of whom have a vested interest in retaining a strong supply of quality standardbreds.

Combined with these initiatives, the Graphite Developments Ltd / Glenys & Philip Kennard Show Day Futurity, the fourth running of the Macca Lodge Trained South of the Waitaki Race also on Show Day (plus the winter series), an earlier nomination period for The Breeders' FastTrack New Zealand Oaks, Diamond Creek Farm New Zealand Pacing Derby, Christchurch Casino New Zealand Trotting Cup and Haras des Trotteurs Dominion Trot,



together with the Christchurch Casino New Zealand Trotting Cup and Haras des Trotteurs Dominion Trot ranking process have all contributed to raising the profile of our industry, Club and business partners of these events.

This year saw our flagship race the Christchurch Casino New Zealand Trotting Cup run for a stake of \$800,000, as part of a continuation of a five-year plan to bring the race back into line with other major races conducted in Australasia. This, together with the stake paid for the Woodlands New Zealand Pacing Free-For-All, enables the best pacers to race for over a \$1 million during Cup Week. The increase of the stake for the Granite Benchtop New Zealand Trotting Free-For-All to \$100,000 along with the increase of the stake to \$300,000 for the Haras des Trotteurs Dominion Trot enables our best trotters to race for \$400,000 during Cup Week.

Racing action throughout the season was again of the highest quality especially at the elite Group One level. Early season lead up features to the Christchurch Casino New Zealand Trotting Cup were won by Titan Banner, Have Faith In Me, and Lazarus while Destiny Jones and Bordeaux scored notable wins on their way to flagship Cup Week trotting events.

Lazarus won the Christchurch Casino New Zealand Trotting Cup in stunning fashion for the second year

in succession for leading trainers Mark Purdon and Natalie Rasmussen and gave driver Mark Purdon his fifth training and driving win in the great race.

Chase Auckland came of age when he took out the first of the seasons 3yo features with an outstanding win in the NRM Sires' Stakes 3yo Colts and Geldings Final in New Zealand record time, and Great Things Happen was very convincing winning the Granite Benchtop Company New Zealand Trotting Free-For-All.

On Show Day we were treated to more of the same great racing with Ultimate Machete taking out New Zealand's second richest pacing race, the \$260,000 Woodlands New Zealand Free-For-All in New Zealand record time, and a relative longshot Amaretto Sun taking out New Zealand's richest trotting race, the \$300,000 Haras des Trotteurs Dominion Trot. Of special note was Sheree Tomlinson becoming the first female driver to win this race. What a wonderful achievement for Sheree at just 19 years of age to drive the winner of New Zealand's most prestigious (and richest) trotting race for her grandfather Ken Ford a long-time supporter of Addington.

Our late summer and autumn five-star racing was once again of the highest quality. The PGG Wrightson New Zealand Breeders Stakes was won in emphatic style by North Island visitor Utmost

Delight. On the first night of the autumn meetings we were treated to some outstanding performances, notably Luby Lou in the Storer Motors New Zealand Trotting Oaks, Sicario in the Vero Flying Stakes and Alta Orlando in the Teltrac Communications Free-For-All. Interspersed between the autumn five-star meetings, the \$100,000 Breckon Farms/All Stars Racing Stables Easter Cup for the stayers was won in stylish fashion by another rising star in the pacing ranks, A G's White Socks. The second autumn five-star meeting saw Another Masterpiece taking out the Avon City Ford New Zealand Welcome Stakes, Speeding Spur was a popular and deserving winner of the Fred Shaw Memorial New Zealand Trotting Championship, More The Better was a convincing winner of the Resource Recycling Superstars Championship, Luby Lou was excellent winning the Inkwise New Zealand Trotting Derby to add to her win in the Oaks a fortnight earlier and Sheriff was an outstanding winner of a most competitive Diamond Creek Farm New Zealand Pacing Derby.

Our last five-star meetings for the season held in May saw One Apollo win the PGG Wrightson Sales Series and Enhance Your Calm win the Haras des Trotteurs Sires Stakes Final for 2yo trotters.

Another Masterpiece won the PGG Wrightson Sales Series Open, and Jessie Duke won the Garrards Sires' Stakes Final for 2yo pacers, Elle Mac was victorious in the Nevele R 3yo Fillies Final and the visiting Australian Shez All Rock was an outstanding winner of the The Breeders' FastTrack New Zealand Oaks to cap off a great season of feature racing at Addington. A season which also saw eight New Zealand records broken on the lightning fast Addington track.

Bettor Trix was awarded the Canterbury Standardbred Breeders / Canterbury Trotting Owners Addington filly or mare of the season and Kimberley Butt took home the Canterbury Equine Clinic Maurice Holmes Memorial Junior Drivers Trophy for the second successive year. The Islington Tavern Trainers and Drivers Premierships went to the all-conquering Mark Purdon / Natalie Rasmussen partnership with 70 wins and Blair Orange with 61 wins.

Three new inductees joined the Addington Harness Hall of Fame in the 2017-2018 season; Jim Dalgety for his outstanding lifetime service to the harness racing industry as a breeder, owner, trainer, driver and stud master, and former champions of yesteryear Indianapolis and Take A Moment.



GROUP ONE WINNERS



LAZARUS

Christchurch Casino New Zealand Trotting Cup



CHASE AUCKLAND

NRM Sires' Stakes Series No.34 Final



GREAT THINGS HAPPEN

Granite Benchtop Company New Zealand Trotting Free-For-All



AMARETTO SUN

Haras des Trotteurs Dominion Trot



ULTIMATE MACHETE

Woodlands New Zealand Free-For-All



UTMOST DELIGHT

PGG Wrightson New Zealand Breeders Stakes



AG'S WHITE SOCKS

Breckon Farms/All Stars Racing Stables Easter Cup



LUBY LOU

Inkwise New Zealand Trotting Derby



SHERIFF

Diamond Creek Farm New Zealand Pacing Derby



SPEEDING SPUR

Fred Shaw Memorial New Zealand Trotting Championship



ELLE MAC

Nevele R Fillies Series No.40 Final



SHEZ ALL ROCK

The Breeders' FastTrack New Zealand Oaks



JESSIE DUKE

Garrards Sires' Stakes Series No.35 Final



PROPERTY

The commercial property sector in Christchurch is challenging and this particularly applies to suburban office space. The immediate post-earthquake environment was a halcyon period for office space in greater Christchurch, however this picture has changed markedly with the significant amount of new build and repaired/refurbished space becoming available in the CBD. While not all businesses are wanting to head back into the city, there are enough that have chosen this path to leave a number of vacant floors/building in areas such as Addington, Sydenham and Burnside.

Given the current state of the market we can feel rightly pleased with our position going into the 2018-2019 year. From October when our new tenants move into 128 Wrights Road, we will have more than 94% of our available space leased. This is an excellent position to be in and one we are working very hard to maintain. We have a real point of difference (compared to the CBD), with the number of tenants' parks we have available. There is continuing demand for off-street parking in the area from both our tenants and other local businesses. It is our intention to expand the number of available parks in the 2018-2019 year and we are confident that we will see a positive return on investment from this project

Good progress was made during January and February on the strengthening programme for the Metropolitan Stand. It is difficult for members to see the outcomes of this work as most of it is concealed, however the lack of visible progress does not detract from the importance of this project. The next stage is to complete the necessary strengthening work on the ground floor in January/February 2019.

A focus in the past year has been progressing the property-related earthquake insurance claim with Vero. While it is frustrating to not have achieved a full and final settlement more than seven years after the earthquakes we are making progress and expect to achieve a global settlement in the 2018-2019 year. We have engaged independent advisors to assist us in the scoping and costing process and this has made a real difference.

We are delighted with the performance of our racetrack – arguably our most important property asset. We have continued to refine the make-up of the racing surface and this is adjusted seasonally to ensure we present the course in the best possible condition for safe and competitive racing. The Addington track surface is without doubt the best in the country and we will continue to invest in it to ensure this remains the case.



EVENTS CENTRE

The 2017–2018 year was not an easy environment to operate in, with more than 2,000 hospitality businesses operating in the Christchurch region, up 6.4% on the previous year. This was highlighted by headlines in The Press reading “Hospitality carnage on the cards for Christchurch as wave of new premises rolls on in”; “Quake survivor, The Villas, closes as downtown Christchurch looks for its mojo” and “Christchurch hospo business have fingers crossed extra summer flights make up for dire winter”. It also saw the exit of some reputable operators such as Saggio di Vino, Tequila Mockingbird and The Good Goat.

It was therefore pleasing to see that although revenue for the Events Centre was slightly down on last year, Cup Week, Spectators and our out-catering revenue all performed well.

Events Centre

In this challenging environment, the Events Centre team planned and delivered many celebrated events and went to great lengths to ensure all guests enjoyed a memorable experience. This has resulted in many of those visiting for the first time returning as regular guests. Our Christmas at the Races events performed extremely well with guest numbers up on previous years and receiving a customer experience score of 78% (3% up on the national average). We continued to foster relationships with existing business partners such as Placemakers, Enable, Beef + Lamb NZ, Fire and Emergency New Zealand and ECANZ, and

strengthened relationships with new clients such as NZ Dairy Industry, Collab Digital, LIANZ and Mitre 10. We would particularly like to thank Lamb & Hayward, Canterbury Rugby Football Union and The Experience Group for their continued support.

For the first time Addington Events Centre participated in the CINZ Meetings Tradeshow, New Zealand’s only national tradeshow for the Business Events sector, held in Auckland. Two days were spent connecting with qualified buyers, creating business opportunities and networking with other industry professionals, and a total of twenty-five quotes were sent to potential clients after meeting with thirty groups.

One of our recent initiatives, Addington Pantry (online catering) has been launched and received excellent reviews. With the tagline “Fabulous catering made easy”, we offer 88 freshly made items (with more to come) that can be delivered to the wider Christchurch region or picked up at Spectators. All packaged containers are reusable and come fully labelled with allergens, reheating and storage instructions. Take a look and place your order at addington.co.nz/addington-pantry.

Christchurch Casino New Zealand Trotting Cup Day the front page of The Press, Wednesday 15 November 2017, quoted Senior Sergeant Gordon Spite saying “The crowd has been remarkably good. This one is the best one I have been to by a country

mile. I take my hat off to them really; I think they are doing a great job". This is a direct result of the work the team has carried out ensuring our alcohol management plan and intervention processes are robust enough to ensure we can provide an enjoyable, safe and secure event for all patrons.

Every year we look to improve on our previous year's results and this year we managed to once again increase our hospitality revenue. One of the major successes was the feedback we received from our buffet offerings, the extra tables and chairs placed in both Terror to Love and Blossom Lady and the 12,000 free bottles of water given out in Lindauer Lawn and the Public Village areas. The look and feel of the Public Village was sensational, as was the handling of the untimely emergency evacuation of the Metropolitan Stand.

The overall customer satisfaction on the day was excellent with the following feedback typical of the comments:

- "Good food, great hosts, great friends to share the day with, I need nothing else".
- "Fantastic food and beverages served by smiling staff. Well done."
- "Cup Day gives Christchurch an excuse to celebrate – thanks Addington".
- "Love what you have done with the Public Village, thanks for the free water and sunscreen".

Spectators

The Club's vision in early 2013 to create Spectators, our 7-day a week bar and bistro was inspired, as it now delivers 16% of total Event Centre revenue. Throughout this season the team has continued to grow food and beverage revenue, which has been assisted by a growth in events held on the Addington footprint throughout the year, such as the Silver Ferns vs Australian Diamonds netball test, the Rugby League World Cup, Cirque du Soleil and the impressive performances of the Tactix and Crusaders.

With the recent menu and cabinet changes, the revision of our daily promotions and our supporter's club membership exceeding 1,500 people, our marketing is getting good coverage with regular posts on Facebook and Instagram, ensuring we get our message into the marketplace. With the recent addition of online reservations through our website and Facebook, we are also making it easier for people to experience Spectators.

The Team

The management team is grateful for the dedication of our entire team, who ensure each client's expectations are exceeded through the creation of memorable experiences in a safe environment. Given the renewed focus we have placed on our employment and training processes, it is gratifying to see lower staff turnover, an increase in referrals from current employees to potential employees and improved staff engagement, all contributing to a greater customer experience.





RACING & CHARITY PARTNERS

Racing Partners

123Gaming
 1 Geotechnical
 Active Electrical Christchurch
 Adgraphix
 Armourguard
 Air New Zealand
 Airpark Canterbury
 Alabar (NZ)
 Allied Security
 All Stars Racing Stables
 Angus Ceiling
 Anthony Shearer
 Avon City Ford
 Barry Dent Superannuation Consulting
 Bashers ITM
 BC Plumbers
 Bishopdale & Bush Inn TAB's & Tavern Harewood
 Blue Star Taxis
 Braeside Lodge
 Breckon Farms
 C B Norwood Distributors
 Canterbury Copy Services
 Canterbury Standardbred Breeders' Association
 Canterbury Equine Clinic
 Canterbury Trotting Owners' Association
 Cavell Leitch
 Chevron Quality Cars

Christchurch Casino
 Christchurch City Council
 Clark Boyce Lawyers
 Clarkson Sign Studio
 Clemence Drilling
 Coca Cola Amatil (NZ)
 DAA - Chartered Accountants
 Diamond Creek Farm
 Dakins Group
 Darfield ITM
 Dominion Trading Company
 Dux Industries
 Dyers Road ITM
 Eastgate Shopping Centre
 EPS Panel Systems
 Equine Investments
 Estate Fred Shaw
 Fahey Fence Hire
 Farmlands Co-operative Society
 FastTrack Insurance
 Faulks Investments
 Four Winds Foundation
 Garrards (NZ)
 Garry Thompson – Fern Law
 Geraldine ITM
 Gold Bar Racing
 Go Harness
 Granite Benchtop Company South Island

Graphite Developments
Hamptons ITM
Haras des Trotteurs
Harcourts Grenadier Real Estate
Harness Racing New Zealand
Harrison Bloy
Hillside ITM
HRS Construction
Hydroflow
Inkwise
International Racehorse Transport
Islington Tavern
JDE Coffee
John Paul II Centre For Life
Kaiapoi ITM
Lamb & Hayward
Lion - Beer, Spirits & Wine (NZ)
Lone Star Riccarton
Macca Lodge
Magness Benrow
Master Cleaning
McMillan Equine Feeds
Mediaworks NZ
Metalcraft Roofing
Metropol
Mico Plumbing
Mike Pero Fendalton
Misco Joinery
Mortlock McCormack Law
Nevele R Stud
New Zealand Amateur Drivers' Association
New Zealand Racing Board
New Zealand Sires' Stakes Board Inc
NRM (NZ)
NZME
Pascoes The Jewellers
Paul Renwick Kitchen & Joinery Centre
Peek Exhibition
Peninsular Beachfront Resort Mooloolaba
PGG Wrightson
Phillips Horse Transport
PI & GJ Kennard Bloodstock
Pinelea Farm
Plumbing World
Prime Panels NZ
Prembrand
Probuild ITM
QEII Collision Repairs
Quinn Family Trust
Rangiora ITM
Resource Recycling Technologies NZ
Ricoh NZ

RNP Construction
RNP Homes
Seiko
Sheppard & Rout
Solid Builders
Southern Bred, Southern Reared
Specialty Seeds NZ
Star Scaffolding
Storer Motors
Studholme Yearlings
T McDonald Bloodstock
Tabcorp Inter Dominion Series
Teltrac Communications
The Breeders'
The Court Theatre
The Good Home Ferrymead
The Main Report Group
The Recruitment Network
The Trust Community Foundation
Trillian Trust
Tyre General
United Steel
Vero Insurance NZ
Vivace Espresso
Walker Davey & Searells
Westfield Riccarton
Woodlands Stud
Wood N Tree
XCM Sport
Yaldhurst Hotel
Zilco NZ

Charity Partners

Alex Reilly Fundraising
Arthritis New Zealand
Bookarama
Cancer Society New Zealand
Champion Centre
Christchurch City Mission
Christchurch South Toy Library
Garden City Rotary
Home & Family
KoruCare
Maia Health Foundation
Ronald McDonald House South Island
Rotary Club of Avonhead
St John
Wish4Fish





CONSOLIDATED FINANCIAL STATEMENTS

- 18 CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**
- 19 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY**
- 20 CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
- 21 CONSOLIDATED STATEMENT OF CASH FLOWS**
- 22 NOTES TO THE FINANCIAL STATEMENTS**
- 30 AUDITOR'S REPORT**

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 July 2018

	Note	Group 2018 \$	2017 \$
Revenue			
Revenue from non-exchange transactions (grants)		205,179	192,213
Revenue from exchange transactions			
- Race meeting revenue		11,669,791	10,921,623
- Events Centre revenue	5	7,205,140	7,436,235
Interest revenue		3,871	4,877
Income from investment and development property		3,886,328	3,779,333
Other rental revenue		610,961	642,506
Membership (subscriptions/badges) revenue		107,666	113,040
Other revenue		539,093	489,665
Total revenue		24,228,029	23,579,492
Expenses			
Raw materials and consumables used		1,946,604	2,048,143
Employee benefits expense		5,360,200	5,194,481
Interest expense		1,642,351	1,631,361
Depreciation and amortisation expense	7	987,510	929,556
Directors fees	15	173,000	158,000
Operating expenses		3,253,805	3,090,926
Marketing and administration expense		962,520	912,013
Stakes and incentives		8,643,801	8,434,883
Expenses from investment property		771,222	704,404
Total expenses		23,741,013	23,103,767
Operating surplus		487,016	475,725
Operating surplus for the year is attributable to:			
Non-controlling interest		466,608	458,993
Members of the Parent		20,408	16,732
		487,016	475,725
Other gains/(losses)			
Net unrealised fair value gains/(losses) on investment properties - land and buildings	8	(4,540,766)	4,344,409
Net unrealised gain on interest rate swaps		190,944	294,885
Net gains/(losses) on disposal of property, plant and equipment and investment properties		(112,538)	118,154
Insurance settlements		434,783	1,104,487
Surplus/(deficit) before income tax		(3,540,561)	6,337,660
Income tax expense	6	0	0
Net surplus/(deficit) for the year		(3,540,561)	6,337,660
Other comprehensive revenue and expense		0	0
Total comprehensive revenue and expense for the year		(3,540,561)	6,337,660
Net surplus/(deficit) and total comprehensive revenue and expense for the year is attributable to:			
Non-controlling interest		(1,019,354)	2,387,755
Members of the Parent		(2,521,207)	3,949,905
		(3,540,561)	6,337,660

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 ended 31 July 2018

	Retained earnings \$	Group Non- controlling interest \$	Total \$
At 1 August 2017	69,402,785	8,992,167	78,394,952
Total comprehensive revenue and expense for the year	(2,521,207)	(1,019,354)	(3,540,561)
Transactions with owners in their capacity as owners:			
Repayment of advance to non-controlling interest	0	(400,000)	(400,000)
At 31 July 2018	66,881,578	7,572,813	74,454,391

	Retained earnings \$	Group Non- controlling interest \$	Total \$
At 1 August 2016 (restated*)	65,452,880	6,604,412	72,057,292
Total comprehensive revenue and expense for the year	3,949,905	2,387,755	6,337,660
At 31 July 2017	69,402,785	8,992,167	78,394,952

* Certain amounts shown here do not agree to the 2016 financial statements and reflect adjustments made in the 2017 financial statements due to the first time adoption of PBE Standards.

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 2018

	Note	Group 2018 \$	2017 \$
Assets			
Non-current assets			
Trade and other receivables		10,401	10,787
Property, plant and equipment	7	45,519,230	45,649,091
Investment properties	8	56,250,000	61,295,000
Investment properties under construction	9	0	46,771
Intangible assets		37,961	23,058
Total non-current assets		101,817,592	107,024,707
Current assets			
Inventories (food and beverage)		251,516	250,911
Trade and other receivables	10	921,454	1,060,070
Cash and cash equivalents	11	1,353,334	1,534,060
Total current assets		2,526,304	2,845,041
Total assets		104,343,896	109,869,748
Liabilities			
Non-current liabilities			
Trade and other payables		0	5,156
Loans and borrowings	12	559,068	27,545,038
Derivative financial instruments		0	236,369
Total non-current liabilities		559,068	27,786,563
Current liabilities			
Trade and other payables	13	2,240,245	2,139,074
Loans and borrowings	12	26,637,126	1,133,361
Employee benefit liability		292,420	300,577
Derivative financial instruments		160,646	115,221
Total current liabilities		29,330,437	3,688,233
Total liabilities		29,889,505	31,474,796
Net assets		74,454,391	78,394,952
Equity			
Equity attributable to equity holders of the Parent			
Accumulated comprehensive revenue and expense		66,881,578	69,402,785
Total equity attributable to Members of the Parent		66,881,578	69,402,785
Non-controlling interests		7,572,813	8,992,167
Total equity		74,454,391	78,394,952

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 September 2018

B Smith
Director



T Sissor
Director



NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2018

	Note	Group 2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		24,363,160	23,515,646
Receipts from insurance settlements		434,783	1,104,487
Payments to suppliers		(15,756,976)	(15,351,813)
Payments to employees		(5,368,357)	(5,194,384)
Interest received		3,871	4,877
Interest paid		(1,638,651)	(1,638,003)
Net cash flows from operating activities		2,037,830	2,440,810
Cash flows from investing activities			
Proceeds from sale of investment properties		810,054	0
Refurbishment and strengthening of the Metropolitan Stand		(485,645)	(284,748)
Refurbishment and strengthening of the old office building		0	(786,392)
Purchase of property, plant and equipment		(298,645)	(284,243)
Purchase of investment properties - construction costs		(362,115)	(730,592)
Property development costs paid		0	(40,304)
Net cash flows used in investing activities		(336,351)	(2,126,279)
Cash flows from financing activities			
Repayment of borrowings		(1,482,205)	(31,417)
Repayment of advance to non-controlling interest		(400,000)	0
Net cash flows used in financing activities		(1,882,205)	(31,417)
Net increase/(decrease) in cash and cash equivalents		(180,726)	283,114
Cash and cash equivalents at 1 August	11	1,534,060	1,250,946
Cash and cash equivalents at 31 July	11	1,353,334	1,534,060

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 ended 31 July 2018

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 2018 were authorised for issue in accordance with a resolution of the Directors on 17 September 2018.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Racing Act 2003. They comply 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 properties and derivative financial instruments, 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 2018. 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.

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).

iv) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to economically hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair values of interest rate swap contracts are determined by reference to market values for similar instruments. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

The Group does not apply hedge accounting.

e) 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 5 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.

f) 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.

NEW ZEALAND METROPOLITAN TROTTERING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

g) Investment properties under construction

Investment properties under construction are measured at cost, including transaction costs until completed and then transferred to Investment property where they are measured at fair value.

Transfers are made from investment properties under construction to investment properties when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party or ending of construction.

h) 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.

i) 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.

j) 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 using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such, a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

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.

k) 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:

v) 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.

l) 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.

m) 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 27 of the Racing Act 2003.

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.

NEW ZEALAND METROPOLITAN TROTTHING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

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	
	2018	2017
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.

5 Events Centre revenue

Events Centre revenue includes an amount of \$323,877 (2017: \$320,768), relating to inter-entity transactions.

6 Income tax

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 2018 and 2017:

	Group	
	2018	2017
	\$	\$
(Deficit)/Surplus before income tax	(3,540,561)	6,337,660
Operating tax exempt portion	3,612,834	(6,260,984)
Operating surplus subject to income tax	72,273	76,675
At statutory income tax rate of @ 28% (2017: 28%)	20,236	21,469
Utilisation of previously unrecognised tax losses	(20,236)	(21,469)
Income tax expense reported in the statement of financial performance	0	0

The future tax benefit on group tax losses carried forward in 2018 amounted to \$1,870,825 (2017: \$1,947,500). 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

	Freehold land	Buildings	Furniture & fittings	Group			Total
				Plant & equipment	Track Lighting	Work in progress	
	\$	\$	\$	\$	\$	\$	\$
Year ended 31 July 2017							
Depreciation charge for the year	0	609,802	68,664	208,771	23,394	0	910,631
Amortisation charge for the year							18,925
							929,556
Year ended 31 July 2018							
Depreciation charge for the year	0	646,769	67,490	234,637	23,394	0	972,290
Amortisation charge for the year							15,220
							987,510
Year ended 31 July 2018							
Cost or fair value	23,710,000	21,191,666	1,052,274	4,183,857	453,960	151,110	50,742,867
Net additions/(disposals)	0	439,208	27,438	37,872	0	231,945	736,463
Accumulated depreciation and impairment	0	(2,065,235)	(851,041)	(2,973,640)	(70,184)	0	(5,960,100)
Net carrying amount	23,710,000	19,565,639	228,671	1,248,089	383,776	383,055	45,519,230

At balance date the Group had capital commitments of \$Nil (2017: \$Nil).

8 Investment properties

	Group 2018
	\$
Opening balance as at 1 August	61,295,000
Additions	371,030
Disposals	(875,264)
Net fair value losses on investment properties - land and buildings	(4,540,766)
Closing balance as at 31 July	56,250,000

Investment properties with a carrying value of \$49,950,000 (2017: \$54,995,000) 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 2018.

The valuations were prepared in accordance with International Valuation Standards and in accordance with the provisions of PBE IPSAS 16 Investment Property.

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. The inputs are considered to be level 2 in hierarchy.

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

Discounted cash flow model	10 years
Discount rates	7.49% - 8.44%
Occupancy	94.00%
Effective market yield	6.58% - 7.54%

At balance date there were group capital commitments for investment properties of \$Nil (2017: \$Nil).

9 Investment properties under construction

	Group 2018
	\$
Opening balance as at 1 August	46,771
Disposals	(46,771)
Closing balance as at 31 July	0

At balance date there were group capital commitments for investment properties under construction of \$Nil (2017: \$Nil).

10 Current assets – trade and other receivables

	Group	
	2018	2017
	\$	\$
Trade receivables	853,148	1,006,569
Prepayments	59,270	44,397
Redeemable preference shares	9,036	9,104
Carrying amount of trade and other receivables	921,454	1,060,070

The terms and conditions of related party receivables are stated in note 14.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

11 Current assets – cash and cash equivalents

	Group	
	2018	2017
	\$	\$
Cash at bank and on hand	1,353,334	1,534,060

12 Loans and borrowings

	Group	
	2018	2017
	\$	\$
Non-current		
Secured bank loans	559,068	27,545,038
Current		
Secured bank loans	26,637,126	1,133,361

At balance date the Group had drawn down \$27,196,154 (2017: \$28,678,399) from secured bank loan facilities of \$28,800,000 (2017: \$28,800,000). Of this \$26,516,671 (2017: \$Nil) was due to mature within the next financial year and on 1 August 2018 it was renegotiated. The new loan facility has a limit of \$26,450,005 and a maturity date of 3 August 2020. 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.

13 Current liabilities – trade and other payables

	Group	
	2018	2017
	\$	\$
Trade payables	1,536,016	1,222,189
Deferred income (short term)	704,229	916,885
Carrying amount of trade and other payables	2,240,245	2,139,074

The terms and conditions of related party payables are stated in note 14

14 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	
	2018	2017
	\$	\$
Winchester & Associates - services from a consultant who is also a Director of NZ Metropolitan Properties Management Ltd	6,862	15,533

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 (2017: Nil).

Allowance for impairment loss on trade receivables

For the year ended 31 July 2018, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2017: \$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 \$904,304 (2017: \$850,845).

15 Directors fees

	Group	NZMTC	NZMPML
	2018	2018	2018
	\$	\$	\$
Barry Dent	16,875	16,875	0
Peter Evans	13,125	13,125	0
Karen Fordyce	16,500	16,500	0
John Grainger	21,125	13,125	8,000
Aidan Johnstone	13,125	13,125	0
David Rankin	25,125	13,125	12,000
Tim Sissons	16,500	16,500	0
Brent Smith	34,625	26,625	8,000
Non associated directors	16,000	0	16,000
Total directors fees	173,000	129,000	44,000

16 Contingencies

There are no contingent liabilities or assets.

17 Earthquake matters

The Canterbury Earthquakes of 2010-2011 resulted in damage to property, plant and equipment, as well as losses due to business interruption. Several matters are still outstanding relating to the Club facilities. In addition, the Club is progressing with a long term earthquake strengthening programme.

18 Subsequent events

There were no material events subsequent to balance date.

AUDITOR'S REPORT



Independent auditor's report to the Members of New Zealand Metropolitan Trotting Club Incorporated

Report on the audit of the financial statements

Opinion

We have audited the financial statements of New Zealand Metropolitan Trotting Club Incorporated ("the Club") and its subsidiaries (together "the Group") on pages 18 to 29, which comprise the consolidated statement of financial position of the Group as at 31 July 2018, 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 of the Club, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 18 to 29 present fairly, in all material respects, the consolidated financial position of the Club as at 31 July 2018 and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

This report is made solely to the Club's members as a body. Our audit has been undertaken so that we might state to the Club's members those matters 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 Club and the Club's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners 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.

Ernst & Young provides taxation advice to the Group. We have no other relationship with, or interest in, the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Information other than the financial statements and auditor's report

Those charged with governance are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

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



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

If, based upon the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Those charged with governance responsibilities for the financial statements

Those charged with Governance are responsible, on behalf of the Club, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, 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 are responsible for assessing on behalf of the entity the Club'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 those charged with governance either intend to liquidate the Club or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 International Standards on Auditing (New Zealand) 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 our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.

Chartered Accountants
Christchurch
17 September 2018

NOTICE OF 2018 ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of the New Zealand Metropolitan Trotting Club Inc. will be held in the Terror to Love Lounge, Metropolitan Stand, Addington Raceway & Events Centre, Christchurch on Monday 15 October 2018 at 5.30 p.m.

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 2018.

2. Member Subscriptions for the 2019-2020 year:

2.1 To approve:

2.1.1 An increase in the subscription for a Foundation Double Membership (formerly Ordinary Membership) to \$195 including GST for the 2019-2020 financial year and;

2.1.2 An increase in the subscription for a Metro Single Membership (formerly Metro Membership) to \$100 including GST, for the 2019-2020 financial year.

2.2 The Board has created the following new classes of membership as it has the power to do under Rule 12.10, to be introduced from the 2019-2020 financial year, and attached with this notice is some commentary prepared by the Board outlining the new classes of membership:

- Foundation Single Membership
- Regular Double Membership
- Regular Single Membership
- Cup Day Double Membership
- Cup Day Single Membership
- Metro Double Membership

A motion is therefore put to the Members to approve the annual subscriptions (including GST) for the new classes of membership from the 2019-2020 financial year as follows:

- Foundation Single Membership \$125
- Regular Double Membership \$155
- Regular Single Membership \$110
- Cup Day Double Membership \$295
- Cup Day Single Membership \$195
- Metro Double Membership \$150

3. Appointment of Directors

The following nominations have been received for four Board seats:

John Grainger, Simon Doig, Greg Crawford, Tim Sissons, Aidan Johnstone, Barry Dent.

As the applications and nominations exceed the number required (four) an election will be necessary.

4. Auditors

To approve the appointment of an auditor for the 2018-2019 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 New Zealand Metropolitan Trotting Club Inc for the year 1 November 2018 to 31 October 2019, be unchanged at \$132,000. The allocation of such funds to be at the discretion of the Directors.

5. Rules Amendments

To approve amendments to Rules 8 and 14 (and any internal referencing in the Rules that needs to be changed to give proper interpretation to the changes).

A copy of the proposed Rule changes together with some commentary around the Rule changes were attached to the Notice of Meeting previously mailed to NZMTC members. The new clauses in Rule 14 were highlighted for ease of reference.

7. General Business

For and on behalf of the Board:

Peter Jensen

CEO

17 September 2018



#BEPARTOFTHEMAGIC