

New Zealand Metropolitan Trotting Club Inc

2019 ANNUAL REPORT





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CHAIR'S REPORT

It is with great pleasure that I present the Annual Report of the NZ Metropolitan Trotting Club for the 2018-2019 season.

Our club operates in a complex environment, with industry challenges and increasing competition within the local entertainment and hospitality sector. Despite these challenges, our club has recorded a net operating surplus after taxation of \$234,080, which is an excellent result.

The highpoint of our season is always Christchurch Casino NZ Trotting Cup Day. This year's event was no exception with an excess of 20,000 people experiencing great racing, entertainment, fashion and hospitality. The day continues to provide a substantial financial contribution and media exposure for our club.

It was pleasing to see the positive feedback in the media offered by the alcohol licensing agencies regarding our management of host responsibility on the day. This acknowledgment recognises the planning and effort undertaken by our team at Addington to ensure the event provides a safe, secure and welcoming environment. A highlight of the day was the performance of Thefixer in winning the richest pacing race in NZ, the Christchurch Casino NZ Trotting Cup, for leading trainers Mark Purdon and Natalie Rasmussen, which also delivered driver Natalie Rasmussen her first driving win in the great race. Of interest was part owners Glenys and Philip Kennard enjoying their third successive win in the great race after sharing in the ownership of Lazarus the winner of the previous two editions of the race. Another undoubted feature of the day was the remarkable feat of the Purdon/Rasmussen stable winning eight of the twelve races on the day.

We are delighted with the ongoing support we receive from Christchurch Casino, the sponsor of the NZ Trotting Cup, the race that is the envy of many other clubs and so important to the industry and we extend our sincere thanks to Brett

Anderson, Chief Executive, Ken Matthews, Chair and Racing Ambassador, Barry Thomas.

On Show Day we were treated to more great racing with Cruz Bromac making up for a somewhat unlucky run in the Christchurch Casino NZ Trotting Cup in taking out NZ's third richest pacing race, the Woodlands NZ Free-For-All, and a relatively favoured Marcoola was a deserving winner of NZ's richest trotting race, the Haras des Trotteurs Dominion Trot. Of special note was the Ford family involvement for the second year in succession owning, training and driving the winner of NZ's most prestigious trotting race.

Another highlight of the year was hosting the IRT Harness Jewels, held for the first time at Addington. While the weather was against us, our team rose to the challenge and delivered without doubt what I believe to be the most impressive Jewels day ever. The quality of racing on the newly resurfaced racetrack was certainly not diminished by the conditions and as you would expect on a day for the elite, the cream rose to the top in most categories. Walking around on the day, I received nothing but praise from all who attended, our team has set a new benchmark and once again reinforced Addington as the premier racing club in NZ across all codes.

I would like to express my gratitude for the support we receive from our sponsors and wider business partners. We understand as a club, that many of our racing achievements are a direct result of the encouragement we receive from these groups, who continued to be an integral part of the success we have enjoyed during the season. I am also excited by the many racing initiatives the club will be implementing throughout the new season in conjunction with these supporters.

The events centre, including Spectators, continues to be a key contributor towards the many successes our club has enjoyed this season. It is important to acknowledge the quality of our



2018 - 2019 Board of Directors

(left to right) John Hartnell, Simon Doig, Brent Smith, David Rankin, Karen Fordyce, Tim Sissons, Barry Dent, John Grainger. Absent: Peter Evans

events centre management and the passion and professionalism demonstrated by our wider team. Our events centre team continues to provide our clients with outstanding service and a memorable experience, which is demonstrated by the amount of favourable feedback we received throughout the season, and by the number of organisations that choose to use our facilities on a regular basis.

We have made a significant investment during the year with the continued strengthening and refurbishment programme of our facilities, with further investment continuing into the new season. This investment will go a long way to ensure the events centre is given the best opportunity to ensure positive results are maintained as competition within Christchurch continues to increase, and that our stabling complex provides a safe environment for our industry participants and customers. We would like to thank the Racing Safety Development and Infrastructure Enhancement Funds for their contributions to our projects. We would also like to thank our independent advisors for assisting in reaching a full and final settlement on our property-related earthquake insurance claim with Vero. This settlement allows for some of the continued investment mentioned above.

The commercial property sector in Christchurch remains challenging, especially in the suburban office space. We continue to renegotiate leases with existing tenants as renewals fall due, however it is unrealistic to expect to maintain rentals at their immediate post-earthquake levels. During the year we invested in creating additional sealed car parking for the continuing demand for off-street parking from both our tenants and other local businesses.

We look to the new racing season with interest. On 1 July 2019 the NZ Racing Board became the Racing Industry Transition Agency (RITA). RITA was appointed by Racing Minister Rt. Hon. Winston Peters to enable the urgent changes required to drive the racing industry toward a financially sustainable future. Through the Racing Reform Act, RITA has a legislative mandate to manage the changes needed to revitalise the racing industry and carry out the day to day functions of the TAB and Trackside. Our club was pleased to see the progress made through Racing Reform Bill No. 1 in June 2019, and congratulate our former Chief Executive Officer, Dean McKenzie, on his appointment as Chair of RITA, and his previous appointment as Chair of the Ministerial Advisory Committee -

Review of the NZ Racing Industry (The Messara Report). We enjoy an excellent working relationship with the RITA team, and look forward to continuing this relationship during the transition period and beyond.

In December 2018, Chief Executive Officer Peter Jensen announced his departure from our club to take up the position of Chief Executive with Harness Racing NZ (HRNZ). Peter played an important part in the creation of our club's five-year strategic plan and was integral to Addington being awarded the hosting rights to the IRT Harness Jewels. We thank Peter for his time with our club and for the changes he will bring about for the industry while in his new position. After completing a robust selection process, the board were delighted to appoint Brian Thompson as Chief Executive Officer in February 2019. Under Brian's leadership, our team at Addington do an exceptional job with passion for our industry and our club.

Our people live our values everyday – We, not I; Aim for Excellence; We Listen; Be Resourceful, We Care. I extend my thanks to every team member for their contribution and the extraordinary service and care they provide our members, clients and partners. Special thanks goes to the senior management team for their professionalism and the support they give to the Chair, Chief Executive Officer and the Board; Catherine McLeavy - GM Finance, Carlo Gomez – GM Commercial, John Denton – Facilities and Property Manager, Brian Rabbitt - Racing Manager and Keryn McElroy - Business & Marketing Manager.

Our relationship with HRNZ is fundamental to the success of our club and I am pleased to say it is in very good shape. To HRNZ Chair Ken Spicer, and the board and to Chief Executive Peter Jensen, we thank you for your continued support and we look forward to continuing to build on our current relationship

There are many people to thank for their support of our club, but firstly I would like to thank our members. You are all passionate about our club and your loyalty is appreciated.

We would also like to take the opportunity to extend from our club our sympathy to the families of members who have passed away during the season.

Thank you to the race meeting stewards and their partners who continue to do an amazing job 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), Stephen Brown (& Kay), Kane Grieg (& Hayley) and Carolyn Smolenski (& Mark). Mike Grainger retired as a race meeting steward on 31 July this year after many years of service to Addington in many roles. We thank Mike and Sue for their support and wish them well in their retirement.

Finally, to my fellow NZMTC Directors; Deputy Chair Karen Fordyce, Barry Dent, David Rankin, John Hartnell, John Grainger, Peter Evans, Simon Doig and Tim Sissons. Your expertise and assistance in overseeing a multifaceted business such as ours is appreciated and the role you all play is paramount to the club's future success. We would also like to acknowledge and thank Peter Evans for the valuable contributions he has made to the industry and our club since joining our Board in 2003. Peter has decided now is the time to step down as a director and therefore has not put his name forward for re-election. We wish Peter and Rosemary all the very best and thank them for their years of service to our club.



Brent Smith
Chair

CHIEF EXECUTIVE OFFICER'S REPORT

The NZ Metropolitan Trotting Club (NZMTC) has had a successful year. Our major achievements include a successful Addington Cup Week, continued strengthening and refurbishment of the Metropolitan Stand, repairing the IRT Stables rooftop and ramp, finalising our insurance claims and hosting the IRT Harness Jewels.

The NZMTC has, as indicated in the accounts, had a great financial result. This success has been derived from a good year within our property division, a solid result from the events centre and the support from our business partners.

This season was the first to be completed under our five-year strategic plan. With the long-term sustainability of our club and the harness racing industry being the main objective that drives this plan, the key focus areas include:

- Racing – protect the base and sustainably grow returns to stakeholders
- Events Centre – increase operating profits by growing and diversifying our revenue streams
- Property – sustainably maximise return from our property and land portfolio assets
- People – our people give us a competitive advantage
- Environment – plan an environmentally sustainable Addington footprint

Everything we achieved as a club throughout the season transpires from the strategies developed in this plan, with the goal of sustainably investing back into racing.

The Christchurch Casino NZ Trotting Cup Day showcases our club nationally and internationally. The positive impact this day has on our business and profit levels cannot be over-emphasised. Every season, our team invests a huge amount of effort to design and deliver this celebrated event. Cup Week is the reason we can execute so many racing initiatives for our stakeholders.

The new season will show greater recognition and reward those licence holders, owners and members who support our club.

I would like to extend my thanks and appreciation to the Board, senior management team and the wider team here at the NZMTC. The support I am given by these people ensures we remain NZ's premier multipurpose racing and events venue.

Racing

The racing season was again highly memorable with a total of 40 race meetings conducted, including 9 five and six-star (premier) fixtures. This was one more than usual due to the inaugural hosting of the IRT Harness Jewels at Addington, with the highlight of course being Cup Week. We held a total of 393 races (8 more than the previous season) which included 51 group or listed races.

This season we retained 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 stayed the same at \$10,000 except for amateur races that raced for \$8,000.



This season once again saw the entire industry continue with the “You Start, We Pay” initiative; a tribute to the success that we have enjoyed with this concept over the last few seasons. All starters continued to be guaranteed a pay-out of 2% of the stake for the race they competed in.

Since the inception of the Met Multiplier initiative in August 2012, our club has now paid out more than \$1.8m 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 and 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, SBSR and 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 Macca Lodge Trained South of the Waitaki Race also on Show Day (plus the winter series), an earlier nomination period for The Breeders’ FastTrack NZ Oaks, Diamond Creek Farm NZ Pacing Derby, Christchurch Casino NZ Trotting Cup and Haras des Trotteurs Dominion Trot, together with the Christchurch Casino NZ 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 NZ Trotting Cup, again run for a stake of \$800,000. This, together with the stake paid for the Woodlands NZ Pacing Free-For-All, enables the best pacers to race for \$1m during Cup Week. The stake for the Granite Benchtop NZ Trotting Free-For-All at \$100,000 along with the stake of \$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 NZ Trotting Cup were won by Thefixer, Letspendanitetogetha, and Dream About Me while Marcoola and Harriet Of Mot scored notable wins on their way to flagship Cup Week trotting events.

Ultimate Sniper enhanced his growing reputation when he took out the first of the seasons 3yo features with an outstanding win in the McMillan Equine Feeds Sires’ Stakes 3yo Colts and Geldings Final, and Speeding Spur was a very popular and game winner of the Granite Benchtop Company NZ Trotting Free-For-All.

Our late summer and autumn five-star racing was once again of the highest quality. The PGG Wrightson NZ Breeders’ Stakes was won in emphatic style by the outstanding Dream About Me. On the first night of the autumn meetings we were treated to some outstanding performances, notably Cheerful in the Storer Motors NZ Trotting Oaks, Jessie Duke in the Vero Flying Stakes and Alta Maestro in the Teltrac Communications Free-For-All. Interspersed between the autumn five-star meetings, the Group 2 Allied Security Superstars Pacing Championship was won in stylish fashion by a rising star in the pacing ranks, Henry Hubert. The second autumn five-star meeting saw One Change taking out the Avon City Ford NZ Welcome Stakes, Speeding Spur was a popular and deserving winner of the Fred Shaw Memorial NZ Trotting Championship for the second year in succession, Lotamuscle was excellent winning the Inkwise NZ Trotting Derby and Ultimate Sniper was an outstanding winner of the Diamond Creek Farm NZ Pacing Derby and the Breckon Farms / All Stars Racing Stables Easter Cup for the stayers was taken out by another rising star in the pacing ranks, Turn It Up.

Our last five-star meetings for the season held in May saw Ultimate Stride win the PGG Wrightson Sales Series and Tailored Elegance win the Haras des Trotteurs Sires’ Stakes Final for 2yo trotters. One Change won the PGG Wrightson Sales Series Open, and backed up an unbeaten season



by winning the Garrards Sires' Stakes Final for 2yo pacers, Belle Of Montana was victorious in the Nevele R 3YO Fillies Final and Princess Tiffany bounced back to the top billing among the 3yo fillies by winning the Breeders' FastTrack NZ Oaks to cap off a great season of feature racing at Addington that preceded the first occasion that the IRT Harness Jewels were to be hosted at Addington.

Dream About Me was awarded the Canterbury Standardbred Breeders' / Canterbury Trotting Owners Addington filly or mare of the season and Ben Hope took home the Canterbury Equine Clinic Maurice Holmes Memorial Junior Drivers Trophy for the first time. The Trainers and Drivers Premierships went to the all-conquering Mark Purdon / Natalie Rasmussen partnership with 66 wins and Blair Orange with 43 wins.

Three new inductees joined the Addington Harness Hall of Fame in the 2018-2019 season; Mark Purdon for his outstanding achievements as a Trainer / Driver in the harness racing industry, and former champions of yesteryear and three-time winners of the NZ Trotting Cup, False Step and Terror To Love. The season also

saw 27 NZ records broken on the lightning fast Addington track, albeit a good number due to the introduction of a new distance for racing at Addington.

There are opportunities and challenges as we commence the new season. Currently racing industry funding is flat but the racing reforms progressing under the Racing Industry Transition Agency aim to drive the industry toward a financially sustainable future and we look to work with Harness Racing NZ for the benefit of our club and our industry through these reforms. We as a club are also mindful of the need to change our focus from one that concentrates on race turnover to one that focusses 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 is our ultimate goal. From 1 August 2019, the TAB was required to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. If you haven't verified your TAB account or been issued a Punters Pass, please do so, just in case you get that big win.



Events Centre

It is a well-known fact that hospitality is difficult in Christchurch due to:

- an overabundance of new venues
- declining customer pool
- rising supply costs
- rising minimum wages
- rising compliance costs
- impact of the health and safety legislation
- experienced staff shortages

It is currently a challenge to be profitable due to the level of staffing required to consistently deliver quality to our multiple events, Cup Week and racing. Our current team perform many necessary cross-over duties, and certainly our structure would be less complicated if it was supporting an event centre in isolation, but it is not.

We know we do “big” events really well. This is our strength. Our challenge moving forward is to do more of these and to place a greater emphasis on revenue generation. The senior

management team need to re-focus on cost management and business knowledge within each department. Our goal remains focused on ensuring our products are consistent and above our clients’ expectations.

This season, total revenue for our events centre remained in line with last year, despite hosting 16% less non-racing events. We achieved this revenue by increasing the average spend of each event by 19%, having a strong Cup Week performance and Spectators having another successful year due to increased beverage sales. Costs across all areas, especially labour, remain under review.

We continue to foster relationships with existing business partners such as Placemakers, Enable, Master Electricians, Harcourts and Environment Canterbury and strengthen relationships with new clients such as Inspire Foundation and the Downer Group. We would particularly like to thank Lamb & Hayward, Canterbury Rugby Football Union and The Experience Group for their continued support.



Christchurch Casino NZ Trotting Cup Day

This event has seen a huge change in culture in recent years; The Press, Wednesday 14 November 2018, reported “A well behaved crowd in happy spirits” and “Alcohol problems were on a lovely decline, you just don’t see the intoxication like you used to”. This culture change has resulted in a day that is well managed, with customers enjoying a safe and secure event with improved profitability, reputation and event publicity.

The following improvements were made for 2018:

- An extra area in the Public Village for the Red Frog intervention team providing assistance, food and non-alcoholic beverages to those patrons requiring this

- Increased water stations on trackside of the Public Village
- Increased shade and casual seating in public areas as well as on the Lindauer Lawn
- Increasing seating in Johnny Globe Marquee
- Removal of the VIP marquee and guaranteed seating in Terror To Love Lounge and a stand-up buffet style with casual seating in Blossom Lady Lounge
- Creation of the Emerson’s Mini Marquee area – craft beer, BBQ style food and country blues style music
- Changing the theming in the Public Village to include an extensive arrangement of colours and greenery

We all agreed the look and feel of the Public Village was sensational.



IRT Harness Jewels

The IRT Harness Jewels was a well-executed, successful premiere event. The professionalism and experience of our events centre team as a result of managing Cup Week, was evident in the success of this new event for Addington.

Our venue was exceptionally well presented throughout, had excellent theming and fun extras such as the Kidz Kartz races, a bugle player and winners' carriage rides. It was great to host an event with a large percentage of industry participants and race enthusiasts experiencing some impressive Group One racing.

Hospitality numbers were as expected, however if we were to be awarded the hosting of this event again, we would look to review some of the packages on offer. As with Cup Week, we look to improve and set new benchmarks as we learn about our events and the specific clientele each event attracts.

The following feedback was typical of the comments received:

- "Food was first class and racing was of the highest standard, I would like to thank everyone concerned on presenting such a great day"
- "Our experience on IRT Harness Jewels Day could not have been much better. Our venue - inviting, I'd say clean, crisp and beautifully set out tables"
- "The young team of hospitality staff were so welcoming and very efficient which made the day so enjoyable"
- "The staff, were happy, pleasant, smiling, nothing was a problem. I liked their new uniforms!"

Spectators

Spectators delivers 16% of the events centre total revenue. Our team has done a good job to secure a high number of private bookings, small business groups and regular guests. We have concentrated on improving the consistency of service and creating innovative ways to grow food and beverage revenue.

As stated previously, hospitality is challenging. In response to this we have:

- trialed new operating hours
- reviewed the menu with an emphasis on reducing preparation times
- employed a new experienced manager
- commenced reviewing the identity of Spectators

Property

We have continued to invest in our facilities during the season with a focus on progressing improvements to the Metropolitan Stand with the commencement of stage two of our strengthening and refurbishment programme in December 2018.

Although this project is not yet complete, feedback from our customers indicates they appreciate the improvements and we are receiving positive comments on a regular basis. We have completed the long-awaited repairs to the IRT Stables rooftop and ramp and we thank all of our participants and customers for their patience during this project. Further work to the stabling complex have commenced, including refurbishment of areas to provide for male and female changing rooms.

During the year, we achieved full and final settlement on our property-related earthquake insurance claim with Vero. This settlement has allowed us to commence planning for further investment into our venue and over the coming year you will see work in progress in the Metropolitan Stand, the IRT Stables, the main kitchen and throughout the car park.

Our investment properties continue to provide a good return, although lease renewal negotiations show rentals have dropped from the immediate post-earthquake rates.



There is no doubt our racing season has also been emphasised by the outstanding performance of our track every time it is raced on, regardless of the weather, one only had to look at IRT Harness Jewels for an example of this. During the month of May a major project on the track was undertaken which resulted in a full track resurface. A total of 450 tonne of old material was removed from the track and then replaced with a new product from Oamaru. The full resurface proved to be very successful and was quickly put to the test when hosting the IRT Harness Jewels meeting. An incredible 78mm of rain fell, prior and during the meeting. Although the track was graded as slushy it still provided a fair surface to race on. Acknowledgement for this must go to John Denton and his team who continue to develop and enhance the track, resulting in it being regarded as one of the best racing surfaces in Australasia.

People

I am constantly amazed by the loyalty and dedication of our team at Addington. From the pride in the presentation of a dinner setting, to the helpful voice on the end of the phone, to the huge effort that goes into Cup Week. We recognize for many of our wider team, we are a training ground, a means to earn through student years and we welcome this as our role in their lives. Many of our dedicated race night staff are living their passion, their interest is racing. Our team are our difference. We recognize we need to do things differently but without impacting on our goals. The new season will see us increase investment in staff training, continue upgrading our reporting and management technology and increase efficiencies. Our team's overall well-being is paramount. We offer a responsible workplace, safe from bullying and harassment and are currently reviewing our processes to ensure best practice.

Environment

At Addington we are striving to ensure we are a leader in our industry. During the year we canvassed like organisations to benchmark our environmental footprint. We have commenced replacement of our old energy inefficient air-conditioning system during works to the



Metropolitan Stand, we have replaced a petrol grounds vehicle with an electric cart, moved to eco-takeaway cups and recyclable straws, and have made recycling easier with branded bins. Our journey has begun but we cannot do this alone and we seek your assistance, could you use a TAB account rather than a paper betting slip or view race fields on your phone rather than a paper race book? We need to challenge ourselves and each other to maintain our sustainability culture.

Our Future

We have our challenges – harness racing industry funding is flat, the events centre has revenue challenges, the rising minimum wages makes profitability challenging, compliance costs are rising, increasing impacts of health and safety legislation, and from 1 August 2019 the TAB was required to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

My focus is to work towards the goals of our strategic plan, ensuring we operate in an agile and proactive manner, maximise sustainable profit levels and safeguarding our club for the future, all while ensuring the well-being of our team, our industry participants, our customers and the welfare of our horses. I take my responsibilities seriously and welcome you to join me as we look towards the future.

Brian Thompson
Chief Executive Officer

RACING & CHARITY PARTNERS

Racing Partners

4Front Electrical
Active Electrical Christchurch
Adgraphix
Armourguard
Ainger Tomlin
Air New Zealand
Airpark Canterbury
Alabar (NZ)
Allied Security
All Stars Racing Stables
Anthony Shearer
Avon City Ford
B Niven
Bashers ITM
BC Plumbers
Bishopdale & Bush Inn TAB's & Tavern Harewood
Blue Star Taxis
Breckon Farms
Bromac Lodge
C B Norwood Distributors
Canterbury Copy Services
Canterbury Standardbred Breeders' Association
Canterbury Equine Clinic
Canterbury Trotting Owners' Association
Cavell Leitch
Christchurch Casino
ChristchurchNZ
Clark Boyce Lawyers
Clarkson Sign Studio
Clemence Drilling
Coca Cola Amatil (NZ)
Commodore Airport Hotel
Concrete Brothers
Diamond Creek Farm
Dakins Group
Darfield ITM
Dominion Trading Company
Drymix Group
Dryden Woodoil
Dunsandel Country Café & Tavern
Dux Industries
Dyers Road ITM
Elmwood Trading Company
Equine Investments
Estate Fred Shaw
Fahey Fence Hire
Farmlands Co-operative Society
FastTrack Insurance
Faulks Investments
Four Winds Foundation
Frame Contracting
GK Fyfe Painters
Garrards (NZ)
Garry Thompson – Fern Law
Geraldine ITM
Gold Bar Racing
Granite Benchtop Company South Island
Graphite Developments
Hagley Windows & Doors
Hamptons ITM
Hanley Formula
Haras des Trotteurs
Harcourts Grenadier Real Estate
Harness Racing New Zealand
Harrison Bloy
Hillside ITM
HRS Construction
Hydroflow
Hynds
Inkwise
International Racehorse Transport
JDE Coffee
John Paul II Centre For Life
Kaiapoi ITM
Lamb & Hayward
Lion - Beer, Spirits & Wine (NZ)
Macca Lodge
Magness Benrow
Master Cleaning
Master Painters NZ
Matamata Saddlery
McMillan Equine Feeds
McVicar ITM
Mediaworks NZ
Metalcraft Roofing
Metropol
Mico Plumbing

Mitre 10 NZ
Mortlock McCormack Law
Nevele R Stud
New Zealand Amateur Drivers' Association
New Zealand Sires' Stakes Board Inc
NRM (NZ)
NZME
Pascoes The Jewellers
Paul Reddish Decorators
Paul Renwick Kitchen & Joinery Centre
Peek Exhibition
Peninsular Beachfront Resort Mooloolaba
PGG Wrightson
PI & GJ Kennard Bloodstock
P & C Smith
Pinelea Farm
Plumbing World
Prime Panels NZ
Probuild ITM
Quinn Family Trust
Rangiora ITM
Ray White New Brighton
Remarkable Park Town Centre
Resene
Resource Recycling Technologies NZ
Ricoh NZ
RNP Homes
SBSR
Seiko
Solid Builders
Space Reinstatements
Specialty Seeds NZ
Spectators Bar & Bistro
Storer Motors
Supreme Equine Feeds
T McDonald Bloodstock
TAB NZ
Tavistock Breeding
Teltrac Communications
The Breeders'
The Good Home Pegasus
The Recruitment Network
The Trust Community Foundation
Trillian Trust
Turf Solutions
Tyre General
United Steel
Vero Insurance NZ
Vivace Espresso

Voco
Walker Davey & Searells
Wellington Master Painters
Westfield Riccarton
Woodlands Stud
XCM Sport
Yaldhurst Hotel
Zilco NZ

Charity Partners

Bookarama
Garden City Rotary
Home & Family
Inspire Foundation
KoruCare
Maia Health Foundation
NZ Foundation for the Blind
Pink Ribbon
Ronald McDonald House South Island
Rotary Club of Avonhead
St John
Wish4Fish





GROUP ONE WINNERS



THEFIXER

Christchurch Casino New Zealand Trotting Cup



ULTIMATE SNIPER

McMillian Equine Feeds Stakes Series No.35 Final



SPEEDING SPUR

Granite Benchtop Company New Zealand Trotting Free-For-All



MARCOOLA

Haras des Trotteurs Dominion Trot



CRUZ BROMAC

Woodlands New Zealand Free-For-All



DREAM ABOUT ME

PGG Wrightson New Zealand Breeders Stakes



TURN IT UP

Breckon Farms/All Stars Racing Stables Easter Cup



LOTAMUSLE

Inkwise New Zealand Trotting Derby



ULTIMATE SNIPER

Diamond Creek Farm New Zealand Pacing Derby



SPEEDING SPUR

Fred Shaw Memorial New Zealand Trotting Championship



BELLE OF MONTANA

Nevele R Fillies Series No.41 Final



PRINCESS TIFFANY

The Breeders' FastTrack New Zealand Oaks



ONE CHANGE

Garrards Sires' Stakes Series No.36 Final

IRT HARNESS JEWELS WINNERS



ELLE MAC

Woodlands 4YO Diamond



BOLT FOR BRILLIANCE

Hanley Formula 2YO Ruby



SWEET ON ME

Terror To Love 'Jewels Winner' 2YO Dimond



ONE CHANGE

McMillan Equine Feeds 2YO Emerald



TICKLE ME PINK

The Good Home Pegasus 3YO Ruby



BELLE OF MONTANA

Commodore Airport Hotel 3YO Diamond



TURN IT UP

IRT 4YO Emerald



SUNDEES SON

McMillan Equine Feeds 4YO Ruby



JESSE DUKE

Blue Star Taxis 3YO Emerald



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NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 July 2019

	Note	Group 2019 \$	2018 \$
Operating revenue			
Revenue from non-exchange transactions		831,597	212,857
Revenue from exchange transactions			
- Race meeting revenue		13,122,747	11,669,791
- Events Centre revenue	5	7,099,712	7,205,140
Interest revenue		15,276	3,871
Income from investment and development property		4,386,066	3,990,060
Rental revenue		620,333	638,604
Membership revenue		106,410	107,666
Course advertising revenue		329,916	303,064
Other revenue		124,336	96,976
Total operating revenue		26,636,393	24,228,029
Operating expenses			
Raw materials and consumables used		1,912,484	1,946,604
Employee benefits expense		5,393,878	5,360,200
Interest expense		1,391,100	1,642,351
Depreciation and amortisation expense	7	1,029,602	987,510
Directors fees	14	179,375	173,000
Operating expenses		3,260,830	3,032,988
Marketing and administration expenses		1,153,920	962,520
Stakes and incentives		10,029,206	8,643,801
Venue services charges		518,231	220,817
Expenses from investment property		905,016	771,222
Total operating expenses		25,773,642	23,741,013
Net operating surplus before tax		862,751	487,016
Income tax expense	6	0	0
Net operating surplus for the year		862,751	487,016
Net operating surplus for the year is attributable to:			
Non-controlling interest		628,671	466,608
Members of the Parent		234,080	20,408
		862,751	487,016

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

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE
For the year ended 31 July 2019

	Note	Group	
		2019	2018
		\$	\$
Net operating surplus		862,751	487,016
Other comprehensive revenue and expense, net of tax			
Net unrealised fair value gains/(losses) on investment properties - land and buildings	8	872,771	(4,540,766)
Net unrealised gain on interest rate swaps		160,646	190,944
Net gains/(losses) on disposal of property, plant and equipment and investment properties		(123,003)	(112,538)
Net proceeds from insurance related projects		7,498,573	434,783
Other comprehensive revenue and expense, net of tax		8,408,987	(4,027,577)
Total comprehensive revenue and expense for the year		9,271,738	(3,540,561)
Net surplus/(deficit) and total comprehensive revenue and expense for the year is attributable to:			
Non-controlling interest		479,810	(1,019,354)
Members of the Parent		8,791,928	(2,521,207)
		9,271,738	(3,540,561)

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the year ended 31 July 2019

2019	Capital projects reserve	Group		Total
		Retained earnings	Non-controlling interest	
	\$	\$	\$	\$
At 1 August 2018	0	66,881,578	7,572,813	74,454,391
Total comprehensive revenue and expense for the year		8,791,928	479,810	9,271,738
Transfer to capital projects reserve	5,448,773	(5,448,773)	0	0
Transactions with owners in their capacity as owners:				
Repayment of advance to non-controlling interest	0	0	(189,043)	(189,043)
At 31 July 2019	5,448,773	70,224,733	7,863,580	83,537,086

2018	Capital projects reserve	Group		Total
		Retained earnings	Non-controlling interest	
	\$	\$	\$	\$
At 1 August 2017	0	69,402,785	8,992,167	78,394,952
Total comprehensive revenue and expense for the year	0	(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	0	(400,000)	(400,000)
At 31 July 2018	0	66,881,578	7,572,813	74,454,391

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

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 July 2019

	Note	Group 2019 \$	2018 \$
Assets			
Non-current assets			
Trade and other receivables		9,852	10,401
Property, plant and equipment	7	46,887,118	45,519,230
Investment properties	8	57,480,000	56,250,000
Intangible assets		40,100	37,961
Total non-current assets		104,417,070	101,817,592
Current assets			
Inventories (food and beverage)		342,565	251,516
Trade and other receivables	9	1,591,811	921,454
Cash and cash equivalents	10	7,028,774	1,353,334
Total current assets		8,963,150	2,526,304
Total assets		113,380,220	104,343,896
Liabilities			
Non-current liabilities			
Loans and borrowings	11	25,367,378	559,068
Total non-current liabilities		25,367,378	559,068
Current liabilities			
Trade and other payables	12	3,246,989	2,240,245
Loans and borrowings	11	924,380	26,637,126
Employee benefit liability		304,387	292,420
Derivative financial instruments		0	160,646
Total current liabilities		4,475,756	29,330,437
Total liabilities		29,843,134	29,889,505
Net assets		83,537,086	74,454,391
Equity			
Equity attributable to equity holders of the Parent:			
Accumulated comprehensive revenue and expense		70,224,733	66,881,578
Reserves		5,448,773	0
Total equity attributable to equity holders of the Parent		75,673,506	66,881,578
Non-controlling interests		7,863,580	7,572,813
Total equity		83,537,086	74,454,391

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 2019

B Smith
Director



T Sissons
Director



NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 July 2019

	Note	Group 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		25,951,309	24,363,160
Receipts from insurance related projects		7,590,263	434,783
Payments to suppliers		(17,272,477)	(15,756,976)
Payments to employees		(5,381,911)	(5,368,357)
Interest received		15,276	3,871
Interest paid		(1,379,529)	(1,638,651)
Net cash flows from operating activities		9,522,931	2,037,830
Cash flows from investing activities			
Proceeds from sale of investment properties		0	810,054
Refurbishment and strengthening of the Metropolitan Stand and stables		(1,982,852)	(485,645)
Purchase of property, plant and equipment		(413,930)	(298,645)
Purchase of investment properties - construction costs		(357,230)	(362,115)
Net cash flows used in investing activities		(2,754,012)	(336,351)
Cash flows from financing activities			
Repayment of borrowings		(904,436)	(1,482,205)
Repayment of advance to non-controlling interest		(189,043)	(400,000)
Net cash flows used in financing activities		(1,093,479)	(1,882,205)
Net increase/(decrease) in cash and cash equivalents		5,675,440	(180,726)
Cash and cash equivalents at 1 August	10	1,353,334	1,534,060
Cash and cash equivalents at 31 July	10	7,028,774	1,353,334

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 2019

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 2019 were authorised for issue in accordance with a resolution of the Directors on 17 September 2019.

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 2019. All accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

Certain prior year line items in the Consolidated Statement of Financial Performance have been reclassified to enhance the disclosures of the financial statements and make them more practical and comparable for the users of the financial statements.

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

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

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.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

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.

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.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

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:

i) 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.

Total revenue for the year ended 31 July 2019 was \$34,134,966 (2018: \$24,662,812).

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.

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

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	
	2019	2018
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 \$378,020 (2018: \$323,877), relating to inter-entity transactions.

6 Income Tax

Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for 2019 and 2018:

	Group 2019 \$	2018 \$
(Deficit)/Surplus before income tax	9,271,738	(3,540,561)
Operating tax exempt portion	(9,200,694)	3,612,834
Operating surplus subject to income tax	71,044	72,273
At statutory income tax rate of @ 28% (2018: 28%)	19,892	20,236
Utilisation of previously unrecognised tax losses	(19,892)	(20,236)
Income tax expense reported in the statement of financial performance	0	0

The future tax benefit on group tax losses carried forward in 2019 amounted to \$1,798,552 (2018: \$1,870,825). These have not been recorded in the consolidated statement of financial performance 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 Plant & equipment \$	Track lighting \$	Work in progress \$	Total \$
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 2019							
Depreciation charge for the year	0	656,463	72,437	252,059	23,394	0	1,004,353
Amortisation charge for the year							25,249
							1,029,602
Year ended 31 July 2019							
Cost or fair value	23,710,000	21,630,874	1,079,712	4,221,729	453,960	383,055	51,479,330
Net additions/(disposals)	0	960,755	36,988	183,872	0	1,163,423	2,345,038
Accumulated depreciation and impairment	0	(2,721,697)	(923,479)	(3,198,496)	(93,578)	0	(6,937,250)
Net carrying amount	23,710,000	19,869,932	193,221	1,207,105	360,382	1,546,478	46,887,118

At balance date the Group had capital commitments of \$1,298,610 (2018: \$Nil).

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

8 Investment properties

	Group 2019 \$
Opening balance as at 1 August	56,250,000
Additions	357,229
Disposals	0
Net fair value losses on investment properties - land and buildings	872,771
Closing balance as at 31 July	57,480,000

Investment properties with a carrying value of \$49,700,000 (2018: \$49,950,000) 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 2019.

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	7.50% - 8.75%
Occupancy	94.00%
Effective market yield	6.27% - 7.51%

At balance date there were group capital commitments for investment properties of \$Nil (2018: \$Nil).

9 Current assets – trade and other receivables

	2019 \$	Group 2018 \$
Trade receivables	1,507,303	853,148
Prepayments	75,061	59,270
Redeemable preference shares	9,447	9,036
Carrying amount of trade and other receivables	1,591,811	921,454

At balance date trade receivables includes \$230,000 (2018: \$Nil) owing from non-exchange transactions.

The terms and conditions of related party receivables are stated in note 13.

10 Current assets – cash and cash equivalents

	2019 \$	Group 2018 \$
Cash at bank and on hand	3,028,774	1,353,334
Short-term deposits	4,000,000	0
Closing balance as at 31 July	7,028,774	1,353,334

11 Loans and borrowings

	2019 \$	Group 2018 \$
Non-current		
Secured bank loans	25,367,378	559,068
Current		
Secured bank loans	924,380	26,637,126

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

At balance date the Group had drawn down \$26,291,758 (2018: \$27,196,154) from secured bank loan facilities of \$28,800,000 (2018: \$28,800,000). Of this \$Nil (2018: \$26,516,671) was due to mature within the next financial year. 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.

12 Current liabilities – trade and other payables

	2019	Group 2018
	\$	\$
Trade payables	2,344,726	1,536,016
Deferred income (short term)	902,263	704,229
Carrying amount of trade and other payables	3,246,989	2,240,245

The terms and conditions of related party payables are stated in note 13

13 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.

	2019	Group Purchases from Related Parties \$
Winchester & Associates - services from a consultant who is also a Director of NZ Metropolitan Properties Management Ltd	2019	2,800
	2018	6,862

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 (2018: \$Nil).

Allowance for impairment loss on trade receivables

For the year ended 31 July 2019, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2018: \$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 \$789,666 (2018: \$904,304).

14 Directors Fees

	Group 2019	NZMTC 2019	NZMPML 2019
	\$	\$	\$
Barry Dent	13,500	13,500	0
Simon Doig	10,792	10,125	667
Peter Evans	13,500	13,500	0
Karen Fordyce	18,000	18,000	0
John Grainger	20,833	13,500	7,333
John Hartnell	3,375	3,375	0
Aidan Johnstone	3,375	3,375	0
David Rankin	25,500	13,500	12,000
Tim Sissons	18,000	18,000	0
Brent Smith	36,500	28,500	8,000
Non associated directors	16,000	0	16,000
Total directors fees	179,375	135,375	44,000

NEW ZEALAND METROPOLITAN TROTTING CLUB (Inc)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

15 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 2019 and 2018 are, as follows:

	Group	
	2019	2018
	\$	\$
Within one year	2,584,933	3,639,079
After one year but not more than five years	4,609,329	6,193,186
More than five years	391,627	745,712
Total future rental receivables	7,585,889	10,577,977

There are no contingent liabilities or assets.

16 Earthquake matters

The Canterbury Earthquakes of 2010-2011 resulted in damage to property, plant and equipment, as well as losses due to business interruption. As at 31 July 2019 all matters have been settled relating to the Club facilities. The Club is now progressing with a long-term earthquake strengthening programme.

17 Subsequent events

There were no material events subsequent to balance date.

AUDITORS REPORT



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Independent auditor's report 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 Club") and its subsidiaries (together "the Group") on pages 22 to 33, which comprise the consolidated statement of financial position of the Group as at 31 July 2019, 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 22 to 33 present fairly, in all material respects, the consolidated financial position of the Club as at 31 July 2019 and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

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.

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.



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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
19 September 2019

NOTICE OF 2019 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 Monday 14 October 2019 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 2019.

2. Member Subscriptions for the 2020-2021 year:

To approve no change in annual subscriptions for the following membership classes:

Cup Day Double Membership	\$295	Cup Day Single Membership	\$195
Foundation Double Membership	\$195	Foundation Single Membership	\$125
Metro Double Membership	\$150	Metro Single Membership	\$100
Regular Double Membership	\$155	Regular Single Membership	\$110

All including GST

3. Appointment of Directors

To appoint four directors to the board.

The following nominations have been received for four Board seats:

David Rankin, Karen Fordyce, Greg Cooper, John Hartnell, Brent Smith

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

4. Appointment of Additional Director

To approve the appointment of John Hartnell as an additional director for the period 1 May to 14 October 2019 pursuant to Rule 14.4.

5. Auditors

To approve the appointment of an auditor for the 2019-2020 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 2019 to 31 October 2020, be unchanged at \$132,000. The allocation of such funds to be at the discretion of the Directors.

7. Rules Amendments

a. To approve the amendments to the proposed Rule 14 from the form which was previously considered at the 2018 AGM (ordinary resolution only) - **See Rule Change Paper 1 and proposed Rule 14. The 2019 amendments are highlighted on the proposed Rule 14.**

b. To replace the existing Rules 14.1 to 14.3 with the proposed Rules 14.1 to 14.5 creating a Board Appointments Panel (and any consequential amendments required) (Resolution deferred from the 2018 AGM) - **See Rule Change Paper 1 and proposed Rule 14.**

- c. To approve the Rule changes in relation to the increase of term length for directors, board rotation policy and transitional rules (and any consequential amendments required) – **See Rule Change Paper 2.**
- d. To approve the new Rule 14.13 in relation to the Maximum Tenure Length for directors (and any consequential amendments required) – **See Rule Change Paper 3.**

8. General Business

For and on behalf of the Board:

Brian Thompson
Chief Executive Officer
17 September 2019

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

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

BE PART OF THE MAGIC

