

AUCKLAND TROTTING CLUB

ANNUAL REPORT 2018



ALEXANDRA
PARK

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Patron:	R Purdon MBE
President:	B Carter
Vice President:	R Croon
Board:	B Carter (Chairman) R Croon B Purdon D Balle P Smith R Johnson J MacKinnon K Sumner (Appointed Director) L Peckham (Appointed Director)
Race Night Stewards:	P Lowther (Chairman), R Barnes, M Goldsworthy, P Gubb, B Ironmonger, P May, L Oughton, G Robertson, H Sefonte, D Turner

Executive Staff:	Chief Executive Officer D Dowding Chief Financial Officer B Waring Racing Manager R Cotter Property Manager J Farrier Sales & Marketing Manager J Reichardt Food & Beverage Manager C Paul Human Resources Manager C Gubb General Manager Franklin Park K Blanchard Executive Assistant and Secretary to the Board C Isiah
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NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the Annual General Meeting of Members of the Auckland Trotting Club Inc. will be held in the Rutherford Room, Alexandra Park Raceway, Epsom, on **Wednesday 24 October 2018 at 6.00 pm.**

Business:

1. To receive the report of the Board, and consider and adopt the Financial Statements and receive the Auditor's Report for the year ended 31 July 2018.
2. To elect Directors. This year there are three directors to be elected.
The following nominations have been received for Directors:

B Carter

R Croon

R Johnson

As the nominations do not exceed the number required (three) an election will not be necessary.

3. To consider and set the annual remuneration for the Board pursuant to clause 11.13(a) of the Constitution.
4. To consider and, if thought fit, to pass the following resolutions as proposed by the Board:

Resolution 1 – Rule Change in Relation to Director Remuneration

To consider and, if thought fit, to pass the following resolution, as proposed by the Board:

That clause 11.13 be amended by adding the words "provided however that any such remuneration shall not be greater than the remuneration which would be payable on an arms-length market basis" so that the amended clause would read as follows (amendments underlined):

11.13 Remuneration: All Directors, including those who are Members, shall be entitled to:

- (a) remuneration for services rendered in the Director's capacity as a Director, to be determined in advance by the Club at the Annual General Meeting provided however that any such remuneration shall not be greater than the remuneration which would be payable on an arms-length market basis; and
- (b) reimbursement for reasonable expenses legitimately incurred on the Club's behalf or in connection with the Club's business.

Explanatory Notes to Resolution 1

- (a) The Club has applied to IRD to renew its exemption from Resident Withholding Tax on interest and dividends.
- (b) As part of the renewal process, IRD has asked that the Club ensure that its Directors could not be paid more than a market rate for their services as a Director.

Resolution 2 – Restrictions on Alterations to Constitution

To consider and, if thought fit, to pass the following resolution, as proposed by the Board:

That Clause 18 be amended by inserting a new clause 18.2 as follows:

18.2 No alteration may be made to clause 4.1 (the Objects), the proviso in clause 11.13(a) (providing for remuneration to be no greater than an arms-length remuneration) or clause 25 (Dissolution) during any period of time when the Club holds tax exempt status, if such alteration would affect that tax exempt status. This clause may not be amended or removed from this Constitution and must be included in any replacement or substituted Constitution of the Club. This clause 18.2 shall take precedence over clause 18.1.

Explanatory Notes to Resolution 2

- (a) The Club has applied to IRD to renew its exemption from Resident Withholding Tax on interest and dividends.
- (b) As part of the renewal process, IRD has asked that the Club make provision in its Constitution for certain clauses to be unable to be amended if that amendment would affect any tax exempt status which the Club may have.

5. General Business



Dominique Dowding
Chief Executive Officer
25 September 2018

PRESIDENT'S REPORT



Mr Bruce Carter

It is my privilege to present the Annual Report for the Auckland Trotting Club for the season 2017/18.

This has been a season of achievements and disappointments.

I would like to highlight the three areas of our business then ask our Chief Executive Dominique Dowding to expand on these areas in her more detailed report.

Financial Position

There has been a continual improvement in the Club's financial position this year with \$29m being added to our net asset base, which is the result of asset re-values and new titles created based on our zoning under the Unitary Plan. This takes our net asset base to \$193m.

The management team led by Dominique Dowding and supported by our Board has seen the business return an operating profit before property adjustments of \$0.5m, which was well ahead of the budgeted loss for the season.

Racing

Based on using the business profits for the year 2016/17 until the development realises its profits, we will be re-lifting the stakes on 1 March 2019 as promised to the industry. Depending on the results from the Messara report and the racing Board's ability to have achieved their budgeted profits, the ATC Board feels we are still on track for our budgeted stakes of \$25,000 in our 5-year budget forecast.

Property

A very difficult year has been experienced which has resulted in the termination of our contractor on Building A, Canam Construction, and they have been replaced with CMP Construction Ltd which has been appointed with support from our financial institutions. We cannot comment on the contract termination because of legal sensitivity.

Building B is progressing well, and we see the completion of this development in 2019.

Our Board assures our members that we are doing everything in our power to ensure the development is completed as soon as possible and to the amazing standard you expect.

A feasibility report has been done on Building C. However, the Board have decided this will not be progressed until the completion of our present development.

The Board still believes that developing our property portfolio in the years to come is the right direction to take for the Club. It would be my personal view that a full review is done after the completion of the developments for any further developments.

For my part, I extend my deepest gratitude to my fellow Board members, to our Chief Executive Officer Dominique Dowding, her management group, to each and every one of the Club employees, and to the Race Night Stewards for their efforts in ensuring the Club's future.

I would like to extend from the Club our sympathies to the families of members who have passed away during the year.

I would like to reassure members that our Board and staff are fully committed to ensuring the Auckland Trotting Club core ideals are upheld, which has made the Club what it is today.



THE BOARD OF DIRECTORS

Bruce Carter
President



Bruce has been a self-employed property developer for almost 40 years with developments in Auckland and Wellington.

He is currently the Auckland Trotting Club representative on Harness Racing NZ Board and has bred, owned and raced Standardbreds for more than 35 years.

Rod Croon
Vice President



Rod operates his own Standardbred breeding operation and has had more than 40 years of running his own businesses, mainly retail and contracting.

He is currently a director on the NZ Racing Board.

Barry Purdon
Director



Barry has his stables at Clevedon and runs a very successful training operation. He also breeds and races horses and has recorded many Group 1 wins including the Auckland and NZ Trotting Cups.

He is currently on the Auckland Trotting Club Racing Committee and adds a wealth of experience to the meetings.

Our Board remains focussed on ensuring the sustainability of the Auckland Trotting Club.

GOVERNANCE STATEMENT

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BOARD MEETINGS
2017-2018 SEASON



The Board plays a pivotal role in overseeing the strategic direction of the Auckland Trotting Club and ensuring the right strategic programmes are put in place and then implemented.

Role of the Board

The Board is the governing body of the Club and is responsible for overseeing the Club's operations, ensuring that its business is carried out in the best interests of the Members and other stakeholders.

Strategy

The Board's specific responsibility is to approve strategic plans for the Club and its business units and approve and review the:

- Annual Budgets
- Approve major Capital Expenditure
- Approve acquisitions, divestments and funding
- Review the Club's accounts
- Oversee risk management
- Compliance - Health and Safety, internal and legal compliance
- Codes of conduct
- Appointment of the CEO
- Sign off on the appointment of the CFO
- Reviewing and approving remuneration for the CEO, management team and staff

Ross Johnson
Director



Ross is a former Managing Director of International Racehorse Transport and is passionate about the equine industry. He is currently a director on the Harness Racing New Zealand Board.

He breeds, owns and races several horses and his former company is a sponsor at Alexandra Park.

Peter Smith
Director



Peter is a senior partner in Smith & Partners with a law practice in Henderson where he specialises in commercial law and corporate governance.

He is a director of the Judicial Control Authority and has bred, owned and raced horses for many years under the name of Kahukuri Bloodstock Limited.

Derek Balle
Director



Derek owns a professional Standardbred training operation situated in Pukekohe and has been training for 25 years.

He has been on the Franklin Park committee for five years and is the Franklin Park representative on the Auckland Trotting Club Board. He has also been on the Trainers and Drivers committee for nine years. He adds industry knowledge to the Racing Committee.

Jamie MacKinnon
Director



Jamie is Managing Director of Olympic Swiss Watches. He represents the Auckland Trotting Club on the Sires Stakes Board and has been actively involved in the Harness racing industry for 40+ years.

He and son Jack, a junior driver, are developing a breeding and racing business focusing on the square gaiters.

Keith Sumner
Appointed Director



Keith is Managing Director of corporate travel company Gilpin Travel which he and his wife have owned and managed for 20 years. Keith sits on the Boards of First Travel and the Travel Agents Association of NZ and races two fillies with friends to satisfy his lifetime passion for harness racing.

Keith brings a wealth of commercial expertise to Auckland Trotting Club.

Laurie Peckham
Appointed Director



Laurie's career extends over 35 years in the construction industry. He is currently responsible for the delivery of all projects for Buildtech, a New Zealand based construction and development company focused on projects for the good of the community.

Laurie has had a long involvement in racing having owned, bred, and raced Standardbred horses.

Ethical Standards

All Board members, Management and staff are required to adopt standards of conduct which are ethical and comply with all legislative requirements. The national Racing Integrity Unit has set compliance standards with which the Club's activities need to comply.

Management Limits of Authority

The Board has delegated the day to day management of the Club to the Chief Executive Officer. There are in place specific limits on the ability of the Chief Executive Officer or Management to incur expenditure, enter contracts, or acquire or dispose of assets without Board approval. The Club's rules also impose restrictions on the Management and Board which preclude the sale of freehold land and limit borrowings which are secured by mortgage over land owned by the Club without the prior approval of Members. In addition, Harness Racing NZ Inc has the authority to impose certain national standards with which the Club needs to comply.

Strategic Review

Each year the Board and Management develop and approve a Business Plan which identifies opportunities and challenges for development, risks associated with the Club's operations, funding requirements and resources. This review includes a Mission Statement and sets out specific strategic goals and objectives for the next five years. Annual Budgets are then prepared and reviewed against the latest Business Plan.

Management Reporting

Management is required to report to each monthly Board meeting in sufficient detail to enable the Board to assess progress against Annual Budgets, strategic goals and major projects. In addition, Management reports detail of compliance with legislative requirements such as Health & Safety.

Committees

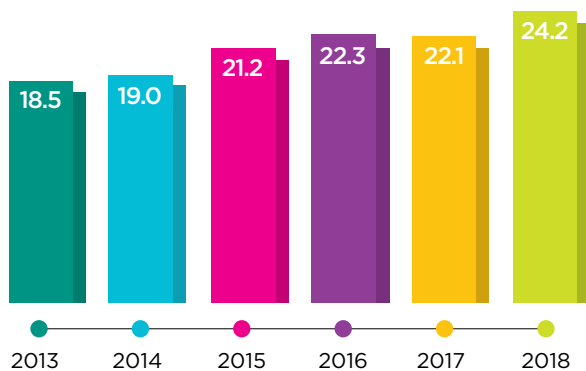
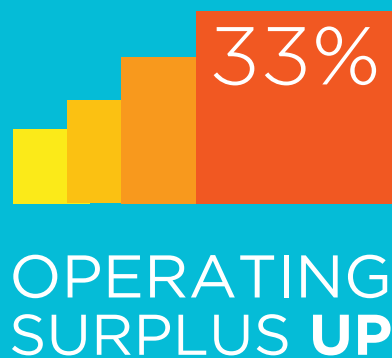
Members of the Board are allocated positions on the following committees:

- Racing Committee
- Audit and Risk Committee
- Remuneration Committee
- Project Control Group

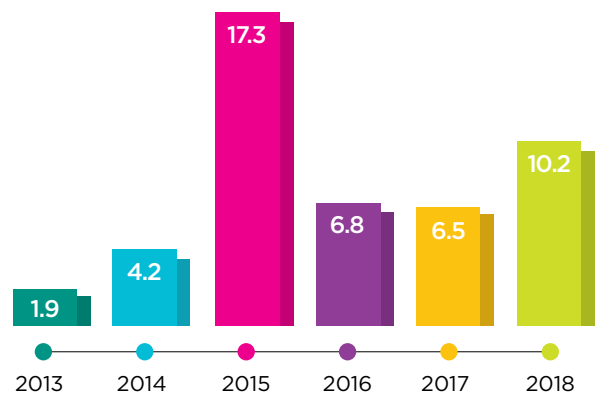
Attendance at Board Meetings

Board Meetings (11 Meetings): Messrs D Balle (10), D Biddlecombe (3), B Carter (11), P Cook (3), R Croon (11), J Green (5), R Johnson (10), J MacKinnon (8), L Peckham (5), B Purdon (9), P Smith (11), K Sumner (7)

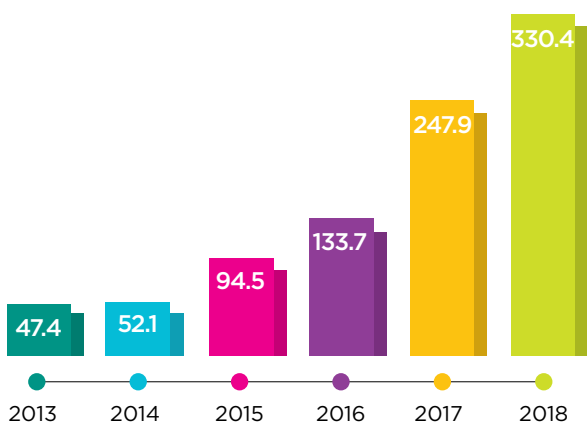
A YEAR OF GROWTH PERFORMANCE



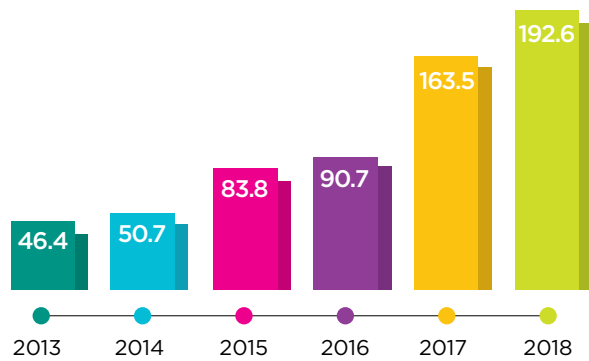
REVENUE (\$M)



NET SURPLUS (\$M)



TOTAL ASSETS (\$M)



TOTAL EQUITY (\$M)

CHIEF EXECUTIVE'S REPORT



Ms Dominique Dowding

In 1892, our Club was formed on Potters Paddock with a vision to create a Harness Racing Club. Our founders created the strategy and drove the direction, and through sheer grit and determination they established the Auckland Trotting Club. Our Boards of the past steadily built on this to make us what we are today. This all took vision, guts, determination, overcoming various obstacles and perseverance.

If the Auckland Trotting Club hadn't done these projects and continued to drive a business to make profit we would not be able to continually increase our stakes every year and support a training centre in Franklin. Courage and a legacy vision to be profitable in order to sustain the industry in the North is at the very heart of what we do.

However, today our industry is facing a number of crossroads beyond our control.

Government sees the value of our sport solely in wagering terms, due to the enormous revenue generated (and therefore tax paid) by the TAB. The New Zealand Racing Board's SOI accordingly focuses on this as their core business; however, the Racing Act of 2003 clearly outlines other responsibilities, such as to 'protect, promote and ensure the sustainability of the racing industry' that is larger than the New Zealand

wine industry. When government or media talk about our industry its gambling-based, but what everyone is not seeing is a primary industry that is in crisis and needs investment and stimulation again.

NZ Racing Board funds the codes and HRNZ distributes these funds to 46 different clubs. This leaves no monies for reinvestment into the promotion and sustainability strategies required to resurrect the industry once again. Clubs are now becoming more and more industry bodies as the industry requires the Club to be strong financially to ensure reinvestment.

With the appointment of the Rt Hon Winston Peters as Racing Minister, John Messara was commissioned to write a report with the terms of reference very much focused on the thoroughbred industry. Messara's report had some interesting outcomes that will need debating as pertains to harness, and others seem like common sense, e.g. consolidation and better governance. The outcome of this process will offer a new direction for harness and one that as a Club we will have to create our place within.

Auckland Trotting Club strategically knew we would have a problem in five years' time, so we embarked on the Blues Building, Franklin Park, and the development of 223 Green Lane West. It is also why we structured the Club as a business, established the



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Our business is in great heart and punches above its weight due to the passion, perseverance, resilience and drive that the staff and management team have for the Club.

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necessary disciplines to return profits for reinvestment into stakes, and continue to invest in Franklin Park, which will become more necessary for our young people in the future if we are to sustain them in the industry.

But all is not lost. We have big Australian and New Zealand owners who are investing heavily in our industry at the sales in 2019. We have NZ Bloodstock, which is making a huge commitment to promoting the sales to ensure our industry grows again. We have had approaches from our Chinese community wanting to work together to merge our two worlds by investing in horses and networking with our business owners.

Our business is in great heart and punches above its weight due to the passion, perseverance, resilience and drive that the staff and management team have for the Club. This year, despite the market being incredibly difficult to read compared to other years the team ended up almost \$1M ahead of budget. This outstanding achievement was achieved by dedicated people working huge hours and showing up when things were hard, and being determined to work as a team to achieve our goal of exceeding budget.

Financially the business had a turnover of \$24M, expenditure of \$22M and made a \$1.9M operating surplus before non-cash items. Net surplus was \$10.2M and the total comprehensive income

was \$29M thanks to the titling of the subdivision and revaluation increases. Rates, insurance, utilities and the rise in the minimum wage is contributing towards the growth in our expenses but is offset by the \$130M+ of value that we have created thus far via the deployment of our property strategy.

When we entered the development in 2015, market conditions were excellent and as a result we sold out. However, the construction sector had unprecedented demand, which caused costs to rise; council changed consent conditions; there was a lack of skilled workers amongst the sub trades and sub trades going out of business; and many other market, weather and ground conditions. Added to this was the contractors having priced at 2015 rates. All of this has been outside of our control, and we have had to be resilient and focused to work through these issues to complete the project.

In July 2018, the Auckland Trotting Club Board had no choice but to terminate the contract with Canam Construction and replace the contractor with CMP Construction Ltd. This decision followed due process and the Club had to administer its actions in accordance with the contract between the parties. Canam is contesting the bond legally in court and we are looking forward to having our case heard.

The projects have been separated and are monitored by two very distinct

project teams. The teams include programming experts, quantity surveyors, legal parties and our Engineers to the Contract, who have the formidable task of ensuring that the contract is being administered correctly between the parties. Whenever we communicate with residents, members or media we are always using the legal position at that time, which is based on the programme being administered at that point in time.

Construction is difficult in the current market but the Auckland Trotting Club will continue to work in the best interests of the project, and overcome any obstacles and challenges to ensure we persevere in completing this project next year.

We would like to thank President Bruce Carter and the Board of the Auckland Trotting Club for their strategic oversight and direction, and our members for their support of the Club.

The Auckland Trotting Club would also like to thank and recognise the owners, trainers, breeders and drivers, not to mention all our stakeholders; without your support we wouldn't have a racing club.

Finally, to our staff, management, volunteers and sponsors, thank you for being the most amazing group of people who create the great culture that we have at the Auckland Trotting Club.



DRIVING BUSINESS TRANSFORMATION



Dominique Dowding
Chief Executive Officer



Byron Waring
Chief Financial Officer



Regan Cotter
Racing Manager



Joel Reichardt
Sales & Marketing Manager



Chris Paul
Food & Beverage Manager



John Farrier
Property Manager



Karen Blanchard
General Manager, Franklin
Park Training Centre



Cathy Gubb
Human Resources Manager



Catrina Isiah
Executive Assistant and
Secretary to the Board



RACING PERFORMANCE 2017/18



The 2017/18 season saw an increase in the number of Auckland Trotting Club (ATC) meetings held at Alexandra Park going from 37 in the 2016/17 season to 41, and this level of meetings will be maintained for the 2018/19 season.

The Board of the ATC continues to reinvest in racing as seen by the recent announcement of another increase in stakes that will take effect from March 2019. The strategy around stakes has seen:

- Stakes almost doubled over the last two years.
- The minimum stake in the 2017/18 season was \$12,000 and the maximum for a non-premier race night was \$17,000.
- On 1 March 2019, the range will rise to \$15,000 through to \$25,000.

These stakes represent Alexandra Park and ATC's position as the North Island's premier racing venue.

ATC's long-term view for the continued viability and success of harness racing is that Alexandra Park is recognised as the leader in developing competitive, diverse and innovative programmes for our horse population locally and throughout New Zealand and Australia.

In the 2017/18 season the back-to-back Christmas at the Races meetings, closely followed by the Auckland Cup New Year's Eve races, were exceptionally well received and heavily patronised, capping off a solid calendar year of performance.

In the first half of the season, as the new stakes were introduced, our new Racing Committee started by setting the policies for the race programme. This saw the Club maintain the previous seasons' statistics. As we approached the second half of the season we saw the effects of the policies start to create beneficial outcomes, and as a result, connections with other clubs were strengthened and new events took place.

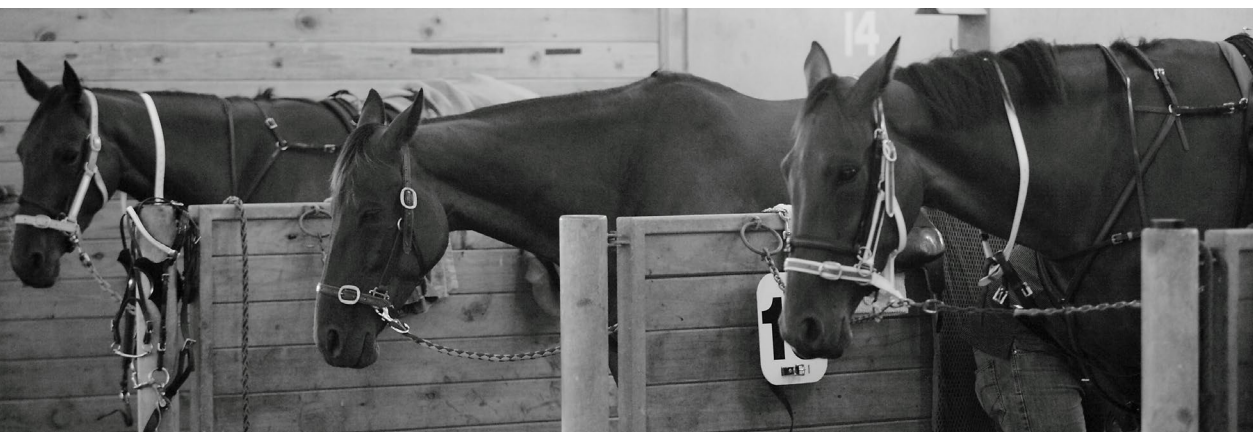
One such event was the All Mile Race Night, which set a sprint distance of one mile, or 1,609 metres. With horses having the opportunity to go all-out over 1.5 laps instead of the usual 2.5, the race offered something a little different to the industry, trainers and spectators, who were all enthused about the spectacle. The All Mile event was an exciting glimpse into the future of harness racing. The prospect of marrying revered traditions with an entertainment proposition creates new opportunities for the industry and the public.

The Racing division is a talented team that is passionate about sustaining racing into the future, with a racing portfolio and culture that embraces and meets the interests of everyone with a stake in the sport. The team understands that at the ATC, with the benefit of the Club's resources and history, they are in the enviable position of being able to drive the biggest change in the harness racing industry, and they are deeply focused on connecting with the wider network.

The Racing Manager works closely with the Racing Committee to ensure ATC continues to deliver one of New Zealand's best racing programmes. The committee works with HRNZ to ascertain pertinent information about horses that are racing through the quieter winter months, so the horse population is used to maximum benefit.

Highlights of the past season include:

- In April 2018 ATC representatives travelled to the South Island to attend the Methven Owners' Day and Expo. They took along ATC apparel to help with the event, met with organisers and attendees, and appeared on Trackside.
- ATC was the only visiting Club apart from Southland Harness Racing, and our involvement was a positive experience that generated great feedback and demonstrated that we're here to work with other clubs for the benefit of the industry as a whole.



- The introduction of South of the Bombays series, held from mid-June to the end of July this year. The new series had specific racing conditions that opened the field to horses that would not typically be viewed as competitive 'Auckland-type' horses in a 'like for like' format.
- The Racing division collaborated with the Marketing team on promoting the series, and trainers south of Auckland were alerted to the new series offering higher stakes than their standard events (\$14,500 versus \$8,000 for a typical Cambridge race).
- These events were among the best and most popular of the year, demonstrating the ATC and Alexandra Park's commitment to putting on races for all types of horses and giving them a fair and equal chance to race for high stakes against other horses in the same class.
- With an average field size exceeding the industry standard of 10 horses per race, the wider spread effects were fully realised. The substantial increase in the number of horses, trainers and their staff on site created a palpable buzz and the benefits were felt throughout The Park, including the hospitality venues.

Looking ahead to the 2018/19 season, the Racing division is focused on creating a product that competes with other sporting events, concerts and movies as a night-time drawcard in the busy Auckland entertainment market, augmented by Alexandra Park's constantly expanding hospitality proposition.

We have continued to develop our relationship with the Cadet Scheme throughout the season, during which cadets were given opportunities to gain hands-on race night experience. Many cadets have race night commitments via the stables they work for; however,

on occasions when we were short-staffed on race nights, Cadet Officer Sally Waters kindly helped us find replacements, and we were able to offer paid work experience to the young people who represent the future of our sport.

And as the new season launched, all racing metrics – attendees, horses and stakes – were the strongest they have been in a long time against comparative periods. We are looking ahead to more diversity in competition, with racing opportunities for all horses, higher stakes and greater collaboration within the industry, especially those owners and trainers in the North Island and further afield who can more readily work in conjunction with the ATC.

The Alexandra Park Drivers' and Trainers' Premierships

Zac Butcher dominated the 2017/18 Drivers' Premiership with 42 wins and a UDR of 0.3262. After conquering his son and close rival last season, this year David Butcher took the runner-up spot with 34 wins for the season at 0.3015, an impressive feat not least because his comeback from injury is still fresh. Josh Dickie racked up 27 wins at 0.2900, followed by two racing legends and Members of the New Zealand Order of Merit, Tony Herlihy (21 wins at 0.3078) and Maurice McKendry (21 wins at 0.1934).

The Trainers' Premiership was a battle, with Steve Telfer (in his first solo season of training since his partnership with Chris Garlick ended last season) coming out in front with 31 wins and a UDR of 0.2567. Michelle Wallis and Bernie Hackett mounted a late charge to keep things going right down to the wire in July, finishing just three wins adrift with 28 wins at 0.2259. The father/son training partnership of John and Josh Dickie added to their trophy cabinet with 26 wins at 0.2929. The country's leading trainers, Mark Purdon and Natalie Rasmussen, scored 26 wins from

81 starts for a UDR of 0.4636; and Tony Herlihy racked up 23 wins and a UDR of 0.2830.

Once again the junior drivers proved their talent and staked a claim for the future of harness racing. Ben Butcher showed whatever Dad and older brother can do, he can do just as well when he took out the Herlihy-McKendry trophy with 13 wins at 0.1969. Ben headed off two-time AP junior champ Jack MacKinnon, who scored nine wins at 0.1712, with Tony Cameron, who is headed for open ranks in the 2018-2019 season, rounding out the top three with six wins at 0.1486.

Track & National Records 2017/18

The racing action on track was once again to the highest standard on a week-to-week basis and a wealth of both track and national records were set throughout the season. A total of 13 track records were broken, four of which doubled as new national records. Special mention must go to Kayla Marie, American Brave, Chase Auckland and Lemond, who all lowered previous national marks with their respective performances. American Empress lowered the national mark for a 4YO mare over the 2200m mobile with her performance on New Year's Eve (the track record still belongs to Dalton Bromac with his 2.36.1 winning performance back on 19 December 2014), while Star Galleria and Northview Hustler found themselves sharing equal national honours for a 4YO over the 2200m from a stand. However, in what is quite an intriguing situation, they did not set the track record; that still stands with Changeover, who on 26 September 2008 set it with a winning time of 2.42.7, but due to timing issues and the electronic timer failing, his time was unable to be recognised nationally and therefore now stands with the former pairing.



RACING RECORDS 2017/18

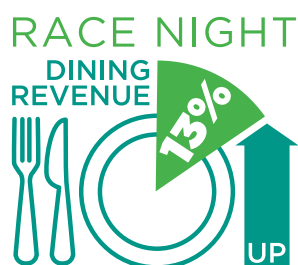
2017/18 ALEXANDRA PARK TRACK RECORDS

HORSE	DATE	GAIT	DISTANCE	AGE/SEX	TIME	MILE RATE	RECORD
Lincoln's Girl	25/05/2018	Pace	1609m	2YO Fillies Mobile	1.56.7	1-56.7	Track
Ivana Flybye	25/05/2018	Pace	1609m	3YO Fillies Mobile	1.55.1	1-55.1	Track
Star Galleria	25/05/2018	Pace	1609m	Open Mobile	1.53.9	1-53.9	Track
Kayla Marie	27/04/2018	Pace	1700m	2YO Fillies Mobile	2.01.2	1-54.7	Track & National (2YOF)
American Brave	27/10/2017	Pace	1700m	3YO Mobile	2-00.3	1-53.8	Track & National (3YO)
Chase Auckland	9/03/2018	Pace	2700m	3YO Mobile	3-16.8	1-57.3	Track & National (3YO)
Puma Road	25/05/2018	Trot	1609m	3YO Mobile	1-58.3	1-58.3	Track
Tickle Me Pink	23/02/2018	Trot	1700m	2YO Fillies Mobile	2-09.0	2-02.1	Track
Temporale	1/12/2017	Trot	1700m	Open Mobile	2-04.2	1-57.5	Track
Lemond	03/11/2017	Trot	2200m	Open Stand	2-46.4	2-01.6	Track & National (Equal)
Northview Hustler	27/10/2017	Pace	2200m	Open Stand	2-42.8	1-59.0	National (4YO)
Vincent	15/12/2017	Pace	2700m	Open Stand	3-19.7	1-59.0	National (4YO)
American Empress	31/12/2017	Pace	2200m	Open Mares Mobile	2-37.1	1-54.8	National (4YOM)

*National where indicated in bold

TRADING PERFORMANCE

FUNCTION
REVENUE UP
19%



CHRISTMAS
dining at the races



Racing

Auckland Trotting Club ran 41 race meetings in the 2017/18 season, up from 37 in the previous season. As a result of the increase in meetings, the funding that the Club receives from HRNZ increased, with overall racing revenues up by close to \$1.5M (17% above the previous year's figure), topping out at nearly \$10M.

Since taking the reins as Racing Manager in the 2016/17 season, Regan Cotter has shown his mettle and is finding innovative ways to blend the Club's racing interests with its commercial objectives. His leadership of the racing division is sound and ambitious. As we look ahead, the Club will benefit from higher stakes over 41 race meetings in 2018-2019.

Sales and Marketing

It has been a strong year for the marketing of the racing and events at Alexandra Park under the guiding hand of our Sales and Marketing Manager Joel Reichardt. Joel is responsible for the sales team, consisting of Race Night Dining, Functions and Sponsorship, which had an excellent year for revenues. This team consists of Events Sales Manager Ketaki Bhav-Khotkar, Events Co-ordinator Kate Vautier, Sales and Events Co-ordinator Roxanne Visser, and Graphic Designer and Marketing Assistant Kelly Peteru.

The team has successfully marketed several sold-out events using our internal marketing channels to reap great benefits while keeping costs down; they have leveraged our large database along with a number of digital campaigns, organic search and the continual optimisation of the Alexandra Park website. Just prior to the start of the 2018/19 season we implemented new software systems that create better team collaboration for superior client service.





Race Night Dining

It was another high-performing year for race night dining, with revenue up by 13% on the previous year's equally solid increase. An additional four race meetings and a series of huge events including Christmas at the Races – a record-setter for the park and the biggest event of its kind in the country – meant we surpassed the 2016/17 year by a considerable margin, recording a 25% increase in attendance. Turnover of the Function Centre also benefited from the first-ever back-to-back race meetings at Christmas, with a Saturday Night Race immediately following Friday Race. The new additions to the schedule created enormous excitement and momentum that was ably handled by the race night dining division and throughout the hospitality and event management service at Alexandra Park.

The Race Night Dining division, which manages any private or public event held in the Function Centre on a race night, has worked this season on a number of innovations with the sales and marketing team, including a refresh of our themed events based on Auckland's diverse cuisines and cultures that have attracted new audiences, excited existing ones and driven record sales and attendance. Another notable area of growth in the summer season was our Auckland Cup race meeting on New Year's Eve, which marked record attendances and drew a large family audience, a key target market for this event.

Functions

The functions business achieved a record year, with the team managing 855 events generating nearly \$2.9M in revenue, a 19% increase on the previous year. Mindful of the high demand and occupancy, we have invested in our function rooms with new TVs and AV system upgrades and a refreshed reception area; our improvements are ongoing.

Our functions service is diverse; we meet the needs of clients holding meetings, exhibitions, conferences, functions, school balls and awards events. Leading this part of the business in 2017/18 were Events Sales Manager Ketaki Bhavé-Khotkar and Events Co-ordinator Kate Vautier.

Sponsorship

The sponsorship team has a fantastic story to tell about the 2017/18 financial year: Sponsorship & Corporate Sales Liaison Kate Fill-Wilson, with support from our Franklin General Manager Karen Blanchard, worked to attract \$830K in revenue, up 5.1% on the previous year and over the budget target. Our biggest sponsor, Sims Pacific Metals, has re-signed for another three years, and towards the end of the season, Thai Airways was brought on board as another key corporate sponsor.

Kate and Karen are now working to build on the past two years' growth, collaborating with our existing sponsors, developing new partnerships and attracting increased attendance of our races via sponsorship.

Look ahead in this report to see a list of the generous companies who actively support our Club as sponsors. We are grateful for their contribution and ask that you consider them first for your product and service needs.

Food and Beverage

Revenue for the Food and Beverage division was just over \$7M, up an impressive 13.9% on the previous year. The contribution from the Function Centre was close to \$5.2M, a 13.4% increase, while The Alex Bar & Eatery brought in \$1.8M for a 15.4% increase, well over the target.

Our Food and Beverage Manager Chris Paul can take a bow for his leadership of the team that has generated these

tremendous results and capably managed an evolution in clientele to incorporate new customers over the past two years. Chris is supported by Performance Analyst Food & Beverage Ashu Parashar, Beverage Storeman Marcus Collins and Room Setters Supervisor Hrishi Lad.

In our Function Centre, Executive Chef Richard Harris and Functions Operations Manager Reynold Henkel skilfully manage large teams who work hard behind the scenes to present a seamless food and beverage service.

The Alex Bar & Eatery is run by our experienced Manager Stephanie Campbell, who reports to Chris and has done a commendable job in the past year of generating a high number of private bookings, business groups and repeat business while running a large front of house team. Our new Head Chef, Jay Keen, has introduced stability in the kitchen and lifted the quality of the food in The Alex.


The bookings for the 2018/19 season are already filling up as visitors make their plans for themed nights, Christmas at the Races, the Auckland Cup and the numerous other can't-miss events on the calendar at Alexandra Park.

TAB

It was the "best year yet" for the TAB in the words of long-time Manager Graham Payne; the store was top of the national network for turnover for the sixth year running, and continued to smash national records after 2016/17's all-time high of \$22M. The past year's revenue result of \$20M was just as phenomenal, being \$8M clear of the nearest competitor, and Graham has a number of secrets to the store's success, a couple of which he is prepared to reveal.

First, the six-strong team that runs the TAB, including Assistant Manager Carol Li, are tight-knit, professional and





organised in covering the long hours offering all patrons a first-class service that runs like clockwork. Everyone who comes in is greeted on entry and made to feel comfortable, thereby generating the repeat visits that are the lifeblood of any retail business. It is this steady approach to building clientele that Graham has been taking since entering the business 13 years ago, and six years on top is the ultimate validation of his strategy.

With the last year representing a “hell of an achievement” and changing legislation set to have an impact on betting operators, Graham says the goal for this season will be to top the country once again.

Gaming

Awareness of problem gambling is a key focus for the Club, and all gaming staff are trained to identify issues and ensure any signs of problem gambling are addressed in a proactive and sensitive manner. Gaming revenues dropped slightly by around 3%, so have remained relatively steady. This is despite the increased competition from other venues due to the previous changes made to commission structures by the Department of Internal Affairs. Since 2012 the ATC has focused on maintaining our competitive edge by committing to reinvestment in the latest games and technology and ensuring maximum customer comfort. A key improvement was upgrading the air-conditioning within the room to improve comfort throughout the winter and summer months; we continued to upgrade some machines; and we have installed the new Lightning Cash games, the most popular games in the market. The past year saw some staffing changes, with Agnes Tuapou moving on and her former role of Gaming Room Supervisor dissolved; the team now reports solely to Teri Buckwell.

Property – Business

The Auckland Trotting Club's assets are ably maintained by the Property Team led by John Farrier, Property Manager. John's team consists of Grounds, Maintenance, Housekeeping, Security and Parking, and these teams work long hours to ensure that our venues and grounds are always professionally presented.

Property contributed \$2.5M in revenue, which was a slight decline from the prior year. While still an excellent result, the decrease primarily came from a reduction in parking receipts as the prior year included revenues from the Lions tour that were not repeated.

The Property team consists of key departments that look after the Club's properties: these include housekeeping; security, led by supervisor Thomas Chapman; car parking, managed by Dave Hamilton with his team; Rusty Peart in building maintenance; and Stewart Ashworth in grounds with his team.

Operations and Administration

Financially we do not amortise the general costs of operations and administration across our business units. Utility costs, rates, insurance, technology, repairs, maintenance, marketing, membership, audit, legal, valuation costs, professional fees, as well as indirect labour, are all attributed to this area. These costs are continually challenged by targeting alternative suppliers and ensuring major line items are tendered regularly to achieve the best possible price. Some items are outside of our control, such as council rates increasing as a result of having grown the property portfolio; however, the offset is we have derived over \$130M worth of value since 2014 as a result of this.


Finance

The Finance team is led by Chief Financial Officer Byron Waring with support from Mahmoud El Chami, Financial and Management Accountant, Teri Buckwell, Accounts Receivable and Gaming Supervisor and Sam Nov, Accounts Payable. The team is operating more efficiently following a mid-year restructure that downsized the group by one full-time member, and the investment in systems over the past few years has allowed the team to streamline the month-end process and general operational accounting. This is resulting in faster delivery of financial information which, along with the rationalisation of overheads post-restructure, is financially advantageous for the business.

Another efficiency was found in the transferral of food inventory management out of a stand-alone software system into the business accounting software Accredo. This has eliminated another system and streamlined the billing, receipting and processing of food invoices, reducing the paperwork required of our chefs and freeing them to focus more on their core roles.

In the year ahead, the focus is to continue to enhance the financial reporting of the business by delivering further efficiencies and challenging costs and procurement channels. We will also be looking to implement a purchase order system to better control the procurement process.

Shane Primrose is the IT and Health and Safety Manager reporting to Byron. Shane reports that IT has continued to run smoothly and robustly with no downtime due to lost connectivity or IT infrastructure issues.



TRADING PERFORMANCE



PROPERTY PORTFOLIO

Portfolio Management

In 2012/13, we created a strategy that focused on three areas of growth for our business within the Property Portfolio:

- Reinvest in the building maintenance, plant, equipment and CAPEX to drive some further life in the asset.
- Drive and derive value from the asset by managing our planning, removing onerous planning conditions that were placed on some of the land via consents, and creating a Master Plan for the site so we could responsibly develop Green Lane West.
- To develop our 223 Green Lane West site to retain the retail, have ongoing revenue streams for the Club and sell the air space to create a cash surplus that could be invested to offer an ongoing return.

The reinvestment into our assets is limited to \$750,000 per annum and this is tightly managed based on business performance. The Property team, made up of maintenance, housekeeping, grounds, security and car parking do a fantastic job maintaining buildings 30+ years in age, not to mention the grounds and track.

Within the Property Portfolio we have been strategic in the handling of our planning, subdivision, zoning and titling to extract the highest and best use for the land in order to achieve continuous growth in value. Independent analysis was undertaken to establish the highest

and best use with 'Mixed Use' and 'Local Central' being deemed the most appropriate zonings. Commercial was not the highest and best use of the land.

The frontage of Green Lane West has now been subdivided into five titles, and mixed use zoning has allowed maximum heights and site coverage to be achieved to develop more of the village in the future should the Club continue to develop. The Manukau Road properties achieved a zoning of 'local central', allowing the greatest flexibility should these leases cease to exist in the future.


Franklin grew in value thanks to the sale of various parcels of private land that border the boundary of the site. With 'future urban' zoned around the site, the ATC has been working with Council to protect the interests in the site.

With the restructuring of the portfolio, the Club is now in a very strong position financially with a balance sheet that recorded \$29M in value growth via revaluation and investment property, bringing our total assets to \$330M and our net assets to \$193M.

Development

When 223 Green Lane West started we had a perfect market environment with a buoyant economy, house prices soaring, a large downsizing market as a result, and a bullish property market. This was further proven by the sell-out of both development stages for a total of \$294.5M.





The ground and weather conditions certainly delayed both projects and this has been well documented. However, these delays were then exacerbated by a tightening sub-trade market that made things even more difficult for most constructors. ATC was not immune, and we now have been delayed on both projects even more.

Coupled with the environmental and market conditions was a contractor which had a series of serious defaults and as a result, in July 2018, the ATC Board decided to terminate the contract with Canam Construction on Building A and replace this contractor with CMP Construction Ltd.

Following their termination, Canam is pursuing the Club legally, and this led to media reports and some misrepresentations relating to the development. Due to pending legal action we are limited in what we can say but we can categorically state the following:

- Westpac and ANZ fully support the ATC and have been excellent to deal with during an extremely difficult period for the construction of our buildings in a market that has seen some spectacular failures;
- ATC has paid all certified amounts under its contracts with Canam and Ganellen;
- ATC and the contractors were all served by Auckland Council with

a Stop Work Notice in April 2018. The Stop Work Notices have been lifted. Responsibility for, and entitlements arising from, the Stop Work Notices are the subject of disputes between ATC and the contractors. ATC maintain the imposition of the notices arose because of delays and failures to provide quality assurance documentation by the contractors;

- ATC terminated the Canam contract in July 2018 due to several defaults. Canam disputes the termination and ATC maintains the termination was lawful and will be pursuing claims for significant damages from Canam via arbitration;
- The bond of \$3M provided by Canam is still in place with BNZ. Canam is seeking an injunction in the High Court preventing ATC converting the bond to cash until the outcome of the arbitration is known. ATC is opposing the application which will be heard during November 2018; and
- ATC have engaged CMP who took possession of the site in July 2018 and are working on a programme to deliver the project as expediently as possible.

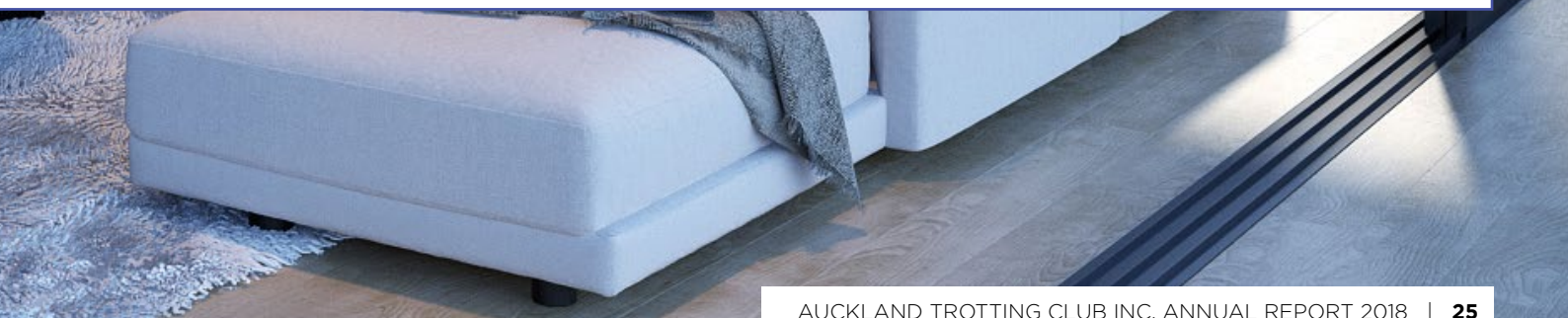
When we embarked on the project, all market conditions were in our favour. Unfortunately, in property development issues arise that you must face that are outside of your control, and while this

has had an impact on the cash profit it has not had any impact on the projected retail rental income or the recapitalised value projections. We also retain carparks to replace the ones lost, with 40 new spaces being made available as a direct result of this development.

There were also softer benefits that we must remember, such as: creating a destination, bringing new people back to the track, and growing our businesses due to residents becoming customers or members.

Due to market conditions we are experiencing delays on both buildings. The village will now complete in two separate portions, with Building B expected early to mid-2019 and Building A expected later than this. Residents and members will be communicated with once the programme has been signed off.

Finally, the project has been reviewed by several parties and we assure members that everything to do with the management of the project from the ATC perspective has been done professionally and in accordance with the contract and legal process that we face.







SPONSORS 2017/18

Air Vanuatu
Alabar (NZ) Ltd
Alan Mayo
Alliance Services
Alltech
Anchor Food Professionals
Auckland Co-op Taxis
Balle Bros
Balle Family
Bayleys
Belmont Linen
BNC Contractors
Boys Get Paid
BPW Transport Efficiency
Breckon Farms
Brooks Bulk Haulage
Caduceus Club
CALIsuzu
Cerebos Greggs
Clevedon Coast Oysters
Coca Cola
Coffex.co.nz
Commercial Realty Property Management
Connell Contractors

Continuous Group
Crombie Lockwood
Crombie Lockwood Bloodstock
Cruiseabout – Parnell and Ponsonby
Cushionride
Daily Freight
Damar Industries
David Hopkins
Dawson Harford Limited
Dayaveg
Dunstan Horse Feeds
EIF International
Eugene St John
FaceUp
Firstflex Cables
Franklin Long Roofing
Fresher Foods
Ganellan
Garrards Horse and Hound
GCT Valuers
Generation Homes Auckland North
Giles Carpets
Grand Harbour Restaurant
Grand Park Restaurant
Griffins Foods

Grove Mega Mitre 10
Haras des Trotteurs
Haunui Farm
Heinz/Watties
HelloWorld
Horselands Kumeu Grain
HR Fiskens & Sons Ltd
HRNZ
HTC
Hydroflow Distributors
IRT
Jacobsen Headstones
Jarvis Trading Ltd
JR Wholesale Meats
Killinchy Gold Stakes
Lane Neave
LBG Builders
Leader Products NZ
Stet Orbits Hot Donuts
Lincoln Farms Bloodstock
Lion Nathan
Majestic Horse Floats
Mangoes Resort
Marconee Seafoods
McCains



McConnell Stafford-Bush	Passive Fire NZ	Sims Pacific Metals
McGregor Bailey Chartered Accountants	PAVE	Smart Choice Stakes
McLaren Guise Accountants	Pernod Ricard	Smith & Sons
Metal Craft	PGG Wrightson	Smith and Partners Lawyers
Michael Boulgaris Realty	Pipe and Infrastructure - Hydroflow	Solutions Financial Services
Mico	Placemakers - Mt Wellington	Southern Cross Finance
Mike Pero Whangaparaoa	Posperfect Pace Setter	Stadium & Arena Seating (NZ) LTD
MitoQ	Powell Transport Ltd	Synergy Positioning
Mr Chips	PPG Industries NZ Ltd	Textile Products Ltd
N-Compass	Premier Beehive	Thai Airways
Natural Habitats	Primor Produce	The Playhouse Preschool
Nautilus Charters	Prudentia Law	Today Software Ltd
Nestle Speedy Smoothies	Pukekohe TAB	Trillian Trust
Nevele R Stud	Railey-Electrical	Tuakau Cossie Club
North Island Standard Breeders Association	Re-Harvest Timber Products	Ultra Interiors
North West Financial Hub	Robert Dunn	Unilever Food Solutions
NRM/McMillian	Rodal Civil & Construction Limited	United Cleaning Services
NZ Bloodstock	Rodal Equine Limited & Knowledge College	Veterinary Associates Equine & Farm
NZ Onion Co	Rodewald Consulting Limited	Vetpro
NZ Staff	Rosebank Road Business Association	Waste Management
NZ Trotting Hall of Fame	Rosslands Stud/Racing Stables	White Associates
Oceans Best	Rutherford Rede	Winger Motors
Omah Group Limited	Salt and Pepper Hoki Bites	Woodlands Stud
Pascoes The Jewellers	Scan Global Logistics	YHI NZ Limited
		Zero Fire



STAKEHOLDERS

Thank you to our members, who are listed towards the back of this annual report, and our staff, Race Night Stewards, race night staff and volunteers, who are also named within.

Our owners, trainers, drivers, industry participants, volunteers and suppliers are the backbone of harness racing at the Auckland Trotting Club Inc. Thank you all so much for your continued belief and support of our industry. We especially thank Todd MacFarlane for his input on the Racing Committee as the representative of the Trainers' and Drivers' Association.

To our Race Night Stewards - Paul Lowther (Chairman), Murray Goldsworthy, Pat Gubb, Barbara Ironmonger, Peter May, Len Oughton, Gordon Robertson, John Ross, Hayden Sefonte and David Turner - who do such a great job on race nights, a big thank you for your hosting of our guests and exuding the esprit de corps of the Auckland Trotting Club.

To the Chair, Glenda Hughes, and CEO, John Allen, of the New Zealand Racing Board, along with Director Rod Croon (our HRNZ representative), thank you and your team for working with us to improve the racing and betting experience. Edward Rennell, CEO of HRNZ, and his team, we really appreciate your support and your can-do attitude.

To the media commentators who ensure that harness racing is being represented on television and within radio and print, thank you so very much. We would especially like to recognise Michael Guerin, Greg O'Connor, Craig 'The Whale' Thompson and Peter Earley, who support our Club and do such an excellent job of promoting us here at Alexandra Park.

We would also like to thank all the trusts who have gifted us grants, especially Trillian Trust for its continued support this year of our race meetings.

Regarding the property development, we would sincerely like to thank Martyn Reesby, principal of Reesby & Co, who has been a critical advisor to the Club from a finance perspective and does an excellent job.

To Alton Pollard, Wayne Gibbens and Sheridan Hunt of Westpac Property Finance, and Simon Collins, Ben Palman and Stephen Irvine of ANZ Property Finance, we couldn't have chosen two better banks to associate ourselves with and deal with. Both organisations have been so supportive to the Club and our vision and we thank you so much for being great partners in the funding of our developments.

To our property legal team at Lane Neave made up of Matt Mailing, Michael Wolfe, Rosemary Gibson, Rebecca Cook and the rest of the team thanks for all the hard work you have done for us this year. Also, to Graham Harford of Dawson Harford our corporate lawyer thank you for your contribution this year as well.

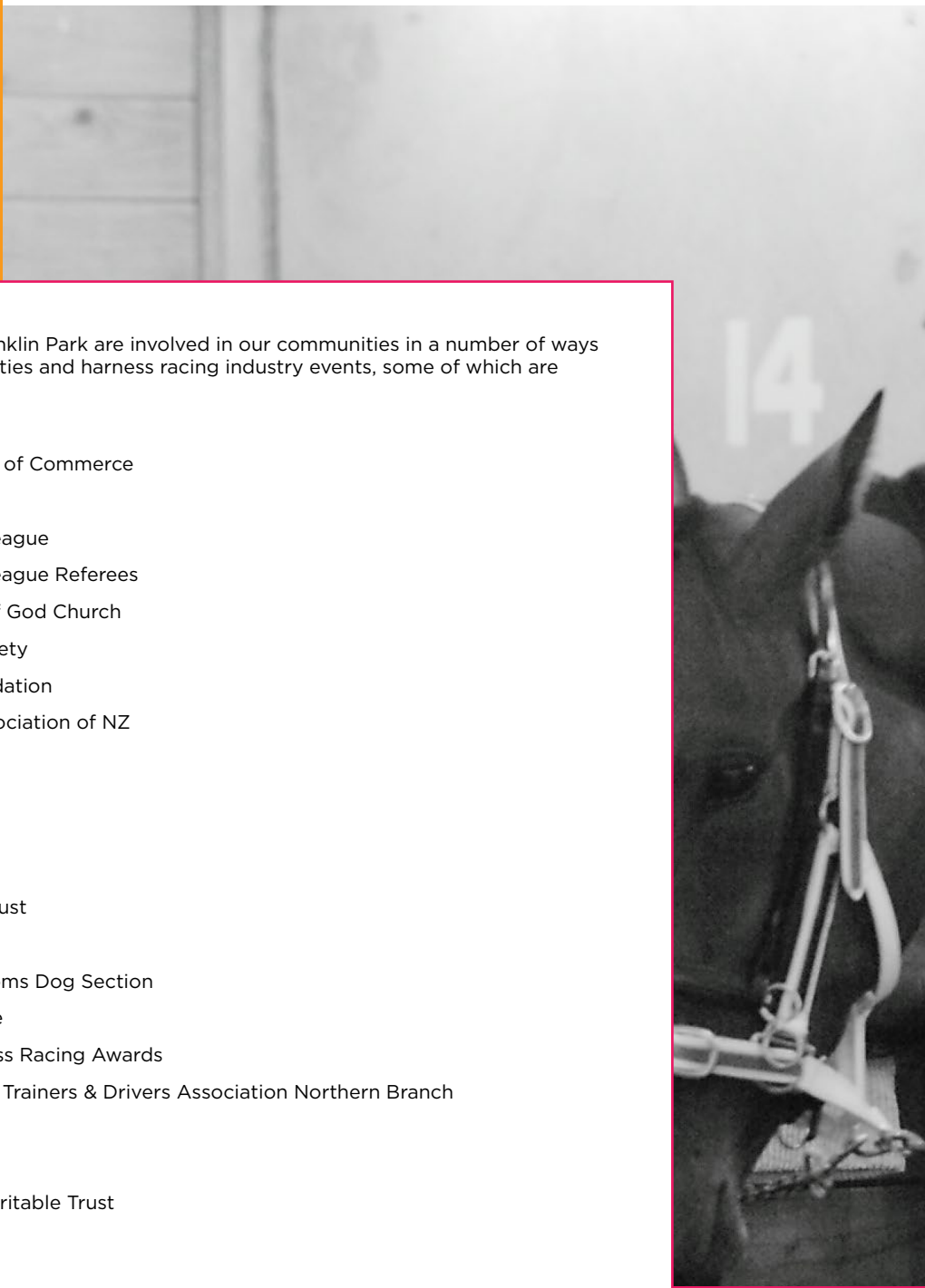
To our Project Managers of Jeremy Brown, Ivan Ravlich and Jordan Chilcott of RDT on Building A, and Vance McGregor and Liam Joyce of N-Compass on Building B, thank you ever so much for the enormous support, effort and drive you have given to the project to ensure that we meet our objectives.

Thank you to all our consultants, especially Mike Casey of Kingstons, Max Russell, Peter Waterhouse and Iain McIntyre, our Engineers to the Contract, our Quantity Surveyors Kingstons and Whites, our talented architects Ben Hayes, Richard Naish and Chris Ashford of RTA Studios, and Engenium, our Engineers. We really do appreciate the hard work and effort thus far to make our dream a reality.

This year saw both Robby Thompson retire after 26 years with Alexandra Park and Gaye Wilson leave Alexandra Park after 10 years to spend more time with her family. Robby was given a wonderful send-off that was attended by staff and board members including respected past board members and presidents which was a testament to the incredible commitment and dedication that Robby had during her long tenure with Alexandra Park. We would like to thank both Robby and Gaye for their outstanding service and contribution to the Club. They will be greatly missed by the Club.

Finally, thank you to Gilbert Myles and the Hall of Fame team for preserving and protecting the history of harness racing and keeping it alive within the museum.





Alexandra Park and Franklin Park are involved in our communities in a number of ways and support many charities and harness racing industry events, some of which are listed below.

- ATC Syndicates
- Auckland Chamber of Commerce
- Auckland Chess
- Auckland Rugby League
- Auckland Rugby League Referees
- Bethel Assembly of God Church
- Cerebral Palsy Society
- Child Cancer Foundation
- Cystic Fibrosis Association of NZ
- Hall of Fame
- Kidney Kids
- Kidz Kartz
- Koru Care
- Laura Fergusson Trust
- Lion Club Remuera
- New Zealand Customs Dog Section
- New Zealand Police
- North Island Harness Racing Awards
- NZ Harness Racing Trainers & Drivers Association Northern Branch
- Radio Lollipops
- Rotary Club
- Southern Stars Charitable Trust
- Special Olympics
- Sport Auckland
- The Kids Foundation
- Wish 4 Fish
- Women's Cancer Foundation - Teal Pants Campaign

COMMUNITY INVOLVEMENT





Auckland Trotting Club Incorporated

FINANCIAL STATEMENTS

For the Year ended 31 July 2018

FINANCIALS

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
REVENUE			
Revenue - Exchange			
Racing Revenue	3	9,941,079	8,462,343
Trading Revenue	4	11,301,896	10,619,232
Property Rental Revenue	5	2,517,576	2,569,123
Interest Revenue		39,617	53,860
Other Revenue		84,986	41,275
Revenue - Non-Exchange			
Racing Revenue	3	215,000	205,000
Other Revenue		91,894	116,506
TOTAL REVENUE		24,192,048	22,067,339
EXPENDITURE			
Racing Expenditure	3	9,528,341	8,599,434
Trading Expenditure	4	7,585,424	7,366,421
Property Rental Expenditure	5	197,362	175,200
Interest Expense		195,344	179,446
Operations and Administration	6	4,703,248	4,256,223
TOTAL EXPENDITURE		22,209,719	20,576,724
OPERATING SURPLUS BEFORE NON CASH ITEMS & DEVELOPMENT COSTS		1,982,329	1,490,615
Amortisation Expense	19	(53,419)	(49,932)
Depreciation Expense	20	(1,364,351)	(1,372,760)
Gains (Losses) on Disposal		(17,860)	913
Provisions for Impairment	14	-	-
Fair Value Movement on Investment Property	21	10,213,796	8,245,942
Development Costs Expensed		(536,598)	(1,796,284)
NET SURPLUS (DEFICIT) FOR THE YEAR		10,223,897	6,518,494
OTHER COMPREHENSIVE INCOME			
Gain on Revaluation of Land	20	18,806,205	66,367,000
TOTAL COMPREHENSIVE INCOME		\$29,030,102	\$72,885,494

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 July 2018

	REVALUATION SURPLUS RESERVE	RETAINED EARNINGS	TOTAL EQUITY
For the year ended 31 July 2018			
OPENING EQUITY	88,351,440	75,192,474	163,543,914
Net Surplus for the year	-	10,223,897	10,223,897
Gain on Revaluation of Land	18,806,205	-	18,806,205
Land transferred to investment property	(2,828,565)	2,828,565	-
CLOSING EQUITY	\$104,329,080	\$88,244,936	\$192,574,016

For the year ended 31 July 2017

OPENING EQUITY	21,984,440	68,673,980	90,658,420
Net Surplus for the year	-	6,518,494	6,518,494
Gain on Revaluation of Land	66,367,000	-	66,367,000
CLOSING EQUITY	\$88,351,440	\$75,192,474	\$163,543,914

FINANCIALS

CONSOLIDATED BALANCE SHEET

As at 31 July 2018

		GROUP	
	NOTE	2018	2017
		\$	\$
EQUITY			
Accumulated Funds		88,244,936	75,192,474
Revaluation Surplus Reserve	9	104,329,080	88,351,440
TOTAL EQUITY		\$192,574,016	\$163,543,914
Represented by:			
CURRENT ASSETS			
Cash and Cash Equivalents	12,18	2,985,817	3,339,275
Inventories		182,277	189,182
Trade and Other Receivables	14,18	1,928,198	1,256,584
TOTAL CURRENT ASSETS		5,096,292	4,785,041
NON CURRENT ASSETS			
Property, Plant and Equipment	20	125,735,100	110,326,774
Investment Property	21	59,459,210	43,038,079
Developments in Progress		-	190,983
Inventory Under Construction		139,953,675	89,368,989
Intangible Assets	19	133,961	168,844
TOTAL NON CURRENT ASSETS		325,281,946	243,093,669
TOTAL ASSETS		330,378,238	247,878,710
CURRENT LIABILITIES			
Trade and Other Payables	15,18	5,665,028	4,919,965
Borrowings	23	130,917,651	77,372,909
Employee Entitlements	13	621,543	665,636
TOTAL CURRENT LIABILITIES		137,204,222	82,958,510
NON CURRENT LIABILITIES			
Term Payables	15	600,000	976,286
Term Borrowings	23	-	400,000
TOTAL NON CURRENT LIABILITIES		600,000	1,376,286
TOTAL LIABILITIES		137,804,222	84,334,796
NET ASSETS		\$192,574,016	\$163,543,914

Authorised for issue on behalf of the Board



B. Carter, President
25th September 2018



R. Croon, Vice President

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was received from:</i>			
Members and Customers		24,036,967	22,021,201
Goods and Services Tax		-	754,100
Interest Earned		39,617	53,860
		24,076,584	22,829,161
<i>Cash was paid out to:</i>			
Suppliers and Employees		22,157,457	19,642,152
Development Costs		46,372,782	32,307,620
Goods and Services Tax		651,971	-
Interest Incurred		195,344	179,446
		69,377,554	52,129,218
NET CASH FLOW FROM OPERATIONS	16	(45,300,970)	(29,300,057)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Fixed Assets		-	-
Purchase of Fixed Assets		(251,728)	(319,756)
Purchase of Intangible Assets		(18,536)	(94,023)
Development of Investment Property		(3,911,131)	(7,382,137)
NET CASH FLOW FROM (USED FOR) INVESTING		(4,181,395)	(7,795,916)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		49,128,907	37,480,676
Repayment of borrowings		-	-
NET CASH FLOW FROM (USED FOR) FINANCING		49,128,907	37,480,676
NET INCREASE (DECREASE) IN CASH RESOURCES		(353,458)	384,703
Cash at Start of Year		3,339,275	2,954,572
CASH RESOURCES AT END OF YEAR		\$2,985,817	\$3,339,275
CASH RESOURCES COMPRISE			
Cash on Hand		97,362	100,980
Cash Float on Issue		113,930	97,649
Bank Current Accounts (Net)		880,371	1,164,657
Bank Deposit Accounts		1,894,154	1,975,989
CASH RESOURCES AT END OF YEAR	12	\$2,985,817	\$3,339,275

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2018

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Auckland Trotting Club is an incorporated society registered under the Incorporated Societies Act 1908. The Group consists of Auckland Trotting Club Incorporated (the parent), Epsom Functions GP Limited, The Epsom Functions Limited Partnership, Hospitality GP Limited, The Hospitality Limited Partnership and Alexandra Park Functions Limited (together referred to as the subsidiaries), the limited companies are registered under the Companies Act 1993, in which the Club has ownership of all of the shares. The limited partnerships are registered under the Limited Partnerships Act 2008, with the Club being the sole limited partner. All entities are incorporated and domiciled in New Zealand and have their principal place of business situated at Alexandra Park, Green Lane West, Epsom, Auckland. Alexandra Park Functions Limited which is no longer a trading entity was removed from the companies register in August 2018.

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards as appropriate for Tier 1 public benefit entities.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis have been adopted with the exception that land has been revalued and where appropriate investment property is reported at fair value. Reliance is placed on the fact that the entities are going concerns.

Operations and principal activities

The principal activity of the Club is to hold and promote harness racing meetings on the Club's course at Alexandra Park. The principal activity is supported by revenue derived from property development and investment, TAB and gaming operations. The subsidiary entities provide catering to the Club and operate a Function Centre and Sports Bar/Cafe utilising Club facilities at Alexandra Park.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest whole dollar. The functional currency of the group is New Zealand dollars.

SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies adopted in the financial statements which have a significant effect on the results and financial position are:

Revenue is measured at the fair value of consideration received or receivable. Interest income is recognised using the effective interest method and income from operating leases is recognised as revenue on a straight line basis. Grants are recognised as income when they become receivable unless there is an obligation to return the funds if conditions are not met. If there is such an obligation, grants

are initially recorded as received in advance, and recognised as revenue when conditions of the grant are satisfied.

Revenue is disclosed separately as either exchange or non-exchange revenue to comply with the PBE IPSAS reporting standards, for the Group non-exchange revenue has been identified as grants received with all other revenue classified as exchange.

Cash and cash equivalents include cash on hand, deposits held at call with banks, and any other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Inventories held for sale or use on a commercial basis are valued at the lower of cost, on a first in first out basis, or net realisable value. Inventories held for consumption in the provision of services are measured at cost, adjusted when applicable for any loss of service potential.

Trade and other receivables are initially measured at cost which is considered to equate to fair value, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Creditors and other payables, including any borrowings are initially measured at cost which is considered to equate to fair value, and subsequently measured at amortised cost using the effective interest method.

Employee entitlements are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. Entitlements will include unpaid salary, wages or other remuneration due at balance date, including deductions held on employees behalf, annual leave earned but not taken, long service leave to be settled within 12 months, and sick leave to the extent that management anticipates unused sick leave entitlement at balance date will be used by staff to cover future absences.

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are treated as expense in the period in which they are incurred.

Investment property is land and or buildings for which the present use is solely or predominantly to derive rental income or the property has the potential to realise capital appreciation. Property will be recognised as investment property only when it is probable that future economic benefits associated with the property will flow to the Group, the cost of the investment property can be measured reliably, and the investment property in its current condition is able to be sold separately or leased out under a lease.

Investment property is measured at fair value based on a valuation by an independent valuer, holding a recognised and relevant professional qualification, and with relevant experience.

Property, plant and equipment asset classes consist of land, land improvements, buildings and grandstands, plant machinery and vehicles, flood and security lighting, and furniture fittings and other. Property plant and equipment does not include land and buildings recognised as

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2018

investment property nor any non current asset classified as held for sale.

Land assets are revalued to fair value periodically, based on a valuation by an independent valuer, holding a recognised and relevant professional qualification, and with relevant experience. New valuations are obtained every three years, which is considered adequate to maintain the fair value of land in service use.

Other asset classes are measured at cost less accumulated depreciation and impairment cost. Depreciation is applied on a straight line basis to recover the cost of the asset, less any residual value, over its estimated useful life.

The estimated economic lives in use for asset classes are:

Buildings and Grandstands	20-40 years
Land Improvements	5-20 years
Plant & Machinery	5-10 years
Vehicles	7 years
Flood Lighting	20 years
Furniture, Fittings & Other	2-20 years

Historical pooled assets that have been fully depreciated are treated as disposed and written off after 20 years.

Intangible assets consist of the costs to bring to use acquired computer software licences and initial development cost of the Club website. The cost of computer software that is an integral part of the operation and function of an asset is recognised as part of the cost of the particular item of property, plant and equipment, and is not recognised as an intangible asset.

Intangible assets are considered to have a finite life and are measured at cost less amortisation and impairment cost. Amortisation is applied on a straight line basis to recover the cost of the asset over its estimated useful life.

The estimated economic lives in use for intangible asset classes are:

Computer Software Licences	5 years
Website Development	5 years

Non-current assets held for sale are recognised if the carrying value of the asset will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment of assets other than inventory is considered at each balance date. Where events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the recoverable amount will be estimated. If the estimated recoverable amount is less than the carrying value of the asset, an impairment loss is recognised.

The estimated recoverable amount of receivables carried at

amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

The estimated recoverable amount of other assets is their fair value less costs to sell and value in use. Value in use is determined by discounting to present value, the estimated future cash flows from the use and ultimate disposal of the asset. Where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows, but the asset is necessary for its service potential, value in use shall be determined as depreciated replacement cost.

An impairment loss will be reversed if warranted by a change in the estimated recoverable amount.

Goods & services tax (GST) is excluded in the preparation of these financial statements, except trade receivables and trade payables, which are recorded as GST inclusive. GST is returned on an individual basis for the Club, and the subsidiary entities file a group return. GST payable or refundable at balance date is recorded as either a payable or receivable in the Club's Balance Sheet.

Consolidated group financial statements are prepared by combining the financial statements of the Club and the subsidiaries on a line by line basis. Equity in the subsidiaries and all intragroup balances, transactions, income and expense, are eliminated in full.

Income tax is not applicable to the Club, which is exempt income tax pursuant to section CW47 of the Income Tax Act 2007 No 97. Alexandra Park Functions Limited is subject to income tax and the estimated income tax expense payable for the current year, adjusted for any differences between the estimated and actual expense in prior years, is recognised in the Statement of Income.

Tax effect accounting is applied on a comprehensive basis to all temporary differences. A debit balance in the deferred tax account, arising from temporary differences or income tax benefits from income tax losses, is only recognised to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilised.

The Club is the only limited partner of The Epsom Functions Limited Partnership and The Hospitality Limited Partnership. The limited partnerships are not subject to income tax and any income and expenditure of the partnerships is attributable to the Club under Section HG 2 of the Income Tax Act 2007. All partnership income attributable to the Club is exempt income of the Club pursuant to section CW47 of the Income Tax Act 2007.

Developments in progress include all costs (including interest costs on borrowings related to the development) directly related to the development of 223 Green Lane West. Project costs not related directly to the construction of the assets, such as marketing, advertising and selling costs, are expensed in the year in which they are incurred.

Variations to the contract price are submitted by the contractors as a normal part of the development process, these claims are assessed against the contract by the

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

engineer to the contract and approved or rejected accordingly with variation costs only recognised when approved in the financial statements. The cash flows related to all the project development costs including indirect costs, have been separately disclosed in the Statement of Cash Flows.

Developments in progress are measured at cost. Costs incurred on each development are reviewed for impairment at each balance date, with any impairment being recognised in the Statement of Comprehensive Income.

Development costs are allocated between inventory under construction and investment property when a reliable estimate can be determined.

Inventory under construction represents the portion of the development that is intended to be apartments for sale, which is carried at the lower of cost or net realisable value.

Standards not yet in effect, PBE FRS 48 effective 1 January 2021 will require the Club to select and present service performance information.

2. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last financial report.

	GROUP	
NOTE	2018	2017
	\$	\$
3. RACING REVENUE AND EXPENDITURE		
Revenue - Exchange		
Acceptance fees	173,250	159,000
Industry funding	8,033,416	5,490,933
Subsidies received	853,219	1,956,856
<i>Sponsorship</i>	620,188	584,856
Trials and Workouts	261,006	270,698
Total Racing Revenue - Exchange	\$9,941,079	\$8,462,343
Revenue - Non-Exchange		
Grants received	215,000	205,000
Total Racing Revenue - Non-Exchange	\$215,000	\$205,000
	10,156,079	8,667,343
Expenditure		
Stakes and trophies	8,291,888	7,370,946
Totalisator expenses	453,364	411,820
Salaries and wages	360,510	410,293
Sponsorship expenses	29,175	38,449
Other racing expenses	393,404	367,926
	9,528,341	8,599,434
Contribution from (to) Racing	\$627,738	\$67,909
Subsidies received are paid in connection with the running of specific races and received primarily from Harness Racing NZ and the NZ Sire Stakes Board.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
4. TRADING REVENUE AND EXPENDITURE			
Revenue			
Food and beverage revenue		7,054,384	6,199,014
Gaming & TAB revenue		4,247,512	4,420,218
		11,301,896	10,619,232
Expenditure			
Food and beverage cost of sales		2,678,810	2,528,574
Food and beverage salaries and wages		2,807,480	2,615,675
Marketing expenses		380,741	374,618
Gaming and TAB expenses		1,504,257	1,643,989
Administration expenses		214,136	203,565
		7,585,424	7,366,421
Contribution from Trading		\$3,716,472	\$3,252,811

5. PROPERTY RENTAL REVENUE AND EXPENDITURE

Revenue			
Property rents		2,109,048	2,060,885
Parking revenue		408,528	508,238
		2,517,576	2,569,123
Expenditure			
Rental property expenses		1,970	19,407
Parking expenses		195,392	155,793
		197,362	175,200
Contribution from Trading		\$2,320,214	\$2,393,923

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
6. OPERATIONS AND ADMINISTRATION EXPENDITURE			
Administration salaries and wages		1,155,262	1,080,808
Audit and related services	7	53,200	51,500
Board remuneration	17	154,000	110,000
Community donations		2,948	1,927
Property services salaries and wages		991,119	965,361
Marketing expenses		58,283	4,898
Membership expenses		19,635	31,988
Utilities, rates and insurance		1,014,436	917,481
Receivables written off	14	3,042	1,546
Repairs and maintenance		682,831	571,636
Administration and other expenses		568,492	519,078
Total Operations and Administration Expenditure		\$4,703,248	\$4,256,223

7. AUDIT AND RELATED SERVICES

RSM Hayes Audit provide audit services to the Group. The fee paid and/or accrued for the year is detailed as follows:

Group financial statement audit	48,700	47,000
Club gaming account audit	4,500	4,500
Total Audit and Related Services	\$53,200	\$51,500

8. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense is included in the functional expenditure analysis provided in notes 3 to 6. The total employee benefits expense for the year is made up as follows:

Racing expenditure	360,510	410,293
Trading expenditure	3,413,433	3,310,638
Property rental expenditure	195,392	155,793
Administration expenditure	1,155,262	1,080,808
Property services expenditure	991,119	965,361
Board remuneration	154,000	110,000
Total Employee Benefits Expense	\$6,269,716	\$6,032,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$

9. REVALUATION SURPLUS RESERVE

The Revaluation Surplus Reserve is that portion of equity that has been recognised by the periodic revaluation of 'in service' and 'strategic' land holdings, being an asset class within property, plant and equipment (Note 20). Gains or losses in fair value are measured by independent valuation and are disclosed within Other Comprehensive Income. No income tax effect is incurred. Land holdings have been revalued at 31 July 2018, refer to Note 20.

Fair value movements on investment property are not part of the Revaluation Surplus Reserve. Gains or losses arising on the measurement of fair value of investment property (Note 21) are recognised in the surplus for the year and form part of Accumulated Funds. During the year a portion of land held under property, plant & equipment was transferred to investment property, as a result a portion of the revaluation reserve held in relation to the land value has been transferred to retained earnings. A further transfer from the revaluation reserve to retained earnings was also done in the current year to adjust for previous portions of land transferred to investment property.

Movement in the reserve during the year is as follows:

Balance as at 31 July 2017		88,351,440	21,984,440
Revaluation - Alexandra Park - Epsom	20	11,406,205	61,452,000
Revaluation - Franklin Park - Pukekohe	20	7,400,000	4,915,000
Land transferred to investment property		(2,828,565)	-
Balance as at 31 July 2018		\$104,329,080	\$88,351,440
The Reserve balance represents the revaluation of land as follows:			
Alexandra Park, Epsom		91,256,803	82,679,163
Franklin Park, Pukekohe		13,072,277	5,672,277
		\$104,329,080	\$88,351,440

10. OPERATING LEASES

The Group is committed to a rental agreement for photocopy equipment for a term of 48 months commencing December 2016, and rental agreements for EFTPOS equipment with residual terms from 13 to 25 months. Rental is paid by fixed monthly instalments for the duration of the term.

The minimum future payments to be incurred under operating leases are as follows:

Current Year	27,572	27,874
2 - 5 Years	35,813	64,114
Total Future Commitments	\$63,385	\$91,988

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

		GROUP	
	NOTE	2018	2017
		\$	\$

11. GAMING DISTRIBUTION TO AUTHORISED PURPOSES

The Club's licence to operate gaming machines provides that the proceeds of gaming be applied to provide for the conduct of race meetings for the benefit of the public and to promote and control those meetings, including the provision and maintenance of facilities and the payment of stake money.

Grants to authorised purposes of \$2,283,000 have been applied to stake money. (2017: \$2,477,300)

12. CASH AND CASH EQUIVALENTS

The balance in the Balance Sheet is made up as follows:

Cash on hand	97,362	100,980
Cash float on issue	113,930	97,649
Cash at bank - Operating accounts	686,188	1,001,877
Cash at bank - Gaming account	194,183	162,780
Cash at bank - Deposits short term	1,894,154	1,975,989
Total Cash and Cash Equivalents	\$2,985,817	\$3,339,275

The Gaming account is subject to restriction on use whereby the application of funds is limited to meeting approved items of gaming expenditure and appropriation to the authorised purposes contained in the Club's current licence to operate gaming machines.

13. EMPLOYEE ENTITLEMENTS

The liability for employee entitlements recorded in the Balance Sheet is made up as follows:

Accrued salaries and wages	269,290	336,601
Liability for annual leave	338,434	305,155
Liability for sick leave	11,350	11,350
Kiwisaver contributions on hand	2,469	12,530
Total Employee Entitlements	\$621,543	\$665,636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
14. TRADE AND OTHER RECEIVABLES			
The balances in the Balance Sheet are made up as follows:			
Trade receivables		553,636	632,422
Prepayments		203,442	228,774
GST receivable		1,135,352	395,388
Other receivables		35,768	-
Provision for impairment		-	-
Total Trade and Other Receivables		\$1,928,198	\$1,256,584
Receivable during the current 12 months		1,928,198	1,256,584
Receivable in future periods		-	-
		\$1,928,198	\$1,256,584

The carrying value of receivables approximates their fair value after making due allowance for impairment losses based on an assessment of the credit risk attached to the receivables. Credit risk is determined based on an analysis of the Group's losses in previous periods and review of specific debtors having regard to past payment performance and knowledge of their current circumstances. All receivables past due for 90 days or more are subject to an impairment assessment. A receivable will be considered to be impaired if there is an unresolved dispute, no effort is being made to reduce the debt, the debtor is the subject of receivership, liquidation or bankruptcy, or there are other known circumstances that indicate full recovery may be doubtful.

The analysis of those receivables that are past due but not impaired at the end of the reporting period is as follows:

Past due 1-30 days	76,059	77,455
Past due 31-60 days	74,669	20,255
Past due 61-90 days	11,067	21,099
Past due > 90 days	19,334	152,225
Total Receivables Past Due	\$181,129	\$271,034
Movement in the provision for impairment of receivables is as follows:		
Balance as at 31 July 2017	-	7,109
Provisions made (reversed) during the year	-	-
Receivables written off	-	(7,109)
Increase (Decrease) for the year	-	(7,109)
Balance as at 31 July 2018	-	-

The impairment provision is net of Goods and Services Tax which is recoverable in the event a debt is written off.

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
15. TRADE AND OTHER PAYBALES			
The balances in the Balance Sheet are made up as follows:			
Trade payables		1,019,077	1,077,212
Accrued expenses		15,221	267,664
Development project payables		3,770,680	3,087,986
Development retentions payable		1,259,760	1,036,046
Deposits and receipts in advance		186,864	316,955
Other payables		13,426	110,388
Total Trade and Other Payables		\$6,265,028	\$5,896,251
Payable during the current 12 months		5,665,028	4,919,965
Payable in future periods		600,000	976,286
		\$6,265,028	\$5,896,251

16. RECONCILIATION OF NET CASH FROM OPERATING

The reconciliation of Net Surplus for the year to Net Cash from Operating Activities is as follows:

Net Surplus for the year	10,223,897	6,518,494
Add Back Non Cash Items:		
Amortisation expense	53,419	49,932
Depreciation and adjustments on disposal	1,364,351	1,372,760
Provisions for impairment	-	-
Fair value movements on investment property	(10,213,796)	(8,245,942)
Net Changes in Working Capital:		
Trade and other receivables	(671,614)	620,966
Inventories	6,905	16,367
Trade and other payables	(53,764)	599,185
Employee entitlements	(44,093)	234,172
Receipts in advance	(130,091)	45,345
<i>Capitalised Development Costs Classified within Operating Cash Flow</i>	<i>(45,836,184)</i>	<i>(30,511,336)</i>
Net Cash flow from Operations	\$(45,300,970)	\$(29,300,057)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

		GROUP	
	NOTE	2018	2017
		\$	\$
17. RELATED PARTY DISCLOSURES			
Remuneration paid to members of the board for the current term of office is:			
B Carter	President	37,500	25,000
R Croon	Vice President	22,500	15,000
B Purdon	Elected Director	15,000	10,000
D Balle	Elected Director	15,000	10,000
R Johnson	Elected Director	15,000	10,000
P W Smith	Elected Director	15,000	10,000
J A MacKinnon	Elected Director	15,000	-
L Peckham	Appointed Director	15,000	-
K Sumner	Appointed Director	15,000	-
J Green	Appointed Director (Retired 19 December 2017)	-	10,000
D Biddlecombe	Elected Director (Retired 25 October 2017)	-	10,000
P Cook	Elected Director (Retired 25 October 2017)	-	10,000
		\$165,000	\$110,000

Board members are actively engaged in the sport of harness racing and may transact with the Club on normal terms in pursuing their interest and involvement therein.

Key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group, compensation paid to key management personnel is comprised of short-term employee benefits only. Total key management personnel compensation paid for the year is \$852,512 for 5 full time equivalent employees (2017: \$851,744, 5 full time equivalent employees).

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
18. FINANCIAL INSTRUMENTS			
The carrying amounts of financial assets and liabilities within category are as follows:			
<i>Loans and Receivables</i>			
Cash and cash equivalents	12	2,985,817	3,339,275
Trade and other receivables	14	1,928,198	1,256,584
		\$4,914,015	\$4,595,859
<i>Financial Liabilities (measured at amortised cost)</i>			
Trade and other payables	15	\$6,265,028	\$5,896,251
Borrowings	23	\$130,917,651	\$77,772,909
		\$137,182,679	\$83,669,160

Loans and receivables expose the Group to credit risk. The maximum exposure to credit risk is the total for Loans and Receivables disclosed above. Credit risk is managed by regular monitoring and pursuit of receivables that are past due. Loans and receivables are recognised at fair value, which is determined as amortised cost less provision for any impairment where the estimated recoverable amount is less than carrying value.

Financial liabilities expose the Group to liquidity risk. Liquidity risk is managed by the regular monitoring and forecasting of cash flow on a daily, monthly and long term basis to ensure adequate cash resources are maintained to meet obligations as they fall due. The total of financial liabilities includes deposits and receipts in advance (Note 15) that are not expected to be repaid in the normal course of business. The contractual maturity analysis for all other financial liabilities is as follows:

Due 1-30 days	4,777,203	4,506,749
Due 31-90 days	67,934,839	36,500
Due 91-365 days	66,089,578	77,432,669
Due > 365 days	600,000	1,376,286
	\$139,401,620	\$83,352,204

The Club's developments are being funded by bank facilities that have been negotiated with ANZ and Westpac. Drawdowns on these facilities are made as the construction cost obligations arise on a monthly basis. Interest payments are rolled into the total debt facility. These facilities expire within the next year and before the expected completion date of the development (Note 23). Currently facilities are in the process of being extended and new security put in place to ensure that construction costs continue to be paid on a timely basis. Unconditional Sales contracts have been signed on all 246 apartments, which when settled at the completion of construction will repay all debt facilities.

The Club is exposed to interest rate risk on bank borrowings for the funding of developments in progress, all borrowings are held on floating rates of interest (Note 23) and will be reviewed regularly for options to fix interest rates to minimise exposure to market movements. All borrowings will be repaid on completion of development projects at 223 Green Lane West, so long term exposure to interest rate fluctuations is minimal. Interest capitalised into inventory under construction is subject to a change in interest rates (\$630,525 per 0.5% fluctuation in interest rates) that will impact the profit on sale of apartments under construction, profit on sale is expected to be realised in the year ending 31 July 2019 and 31 July 2020.

There is no exposure to any significant currency or market risks at balance date.

The following table illustrates the sensitivity of surplus and net assets to a reasonably possible change in interest rates of +/- 0.50%, these changes are considered to be reasonably possible based on observation of market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

	Surplus for the Year		Net Assets	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
31 July 2018	(22,063)	22,063	(22,063)	22,063
31 July 2017	(22,063)	22,063	(22,063)	22,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

19. INTAGIBLE ASSETS

Movements in the cost of each class of intangible asset are as follows:

2018					
	Opening Cost	Additions at Cost	Disposals at Cost	Transfer to Assets Held for Sale	Closing Cost
Computer Software Licences	198,283	16,590	(31,671)	-	183,202
Website Development	102,045	2,288	-	-	104,333
	\$300,328	\$18,878	\$(31,671)	-	\$287,535

2017					
	Opening Cost	Additions at Cost	Disposals at Cost	Transfer to Assets Held for Sale	Closing Cost
Computer Software Licences	163,123	35,160	-	-	198,283
Website Development	54,950	47,095	-	-	102,045
	\$218,073	\$82,255	-	-	\$300,328

Movements in the cost of each class of intangible asset are as follows:

2018						
	Opening Balance	Amortisation Expense	Impairment Losses	Eliminated on Disposal	Transfer to Assets Held For Sale	Closing Balance
Computer Software Licences	94,787	32,818	-	(31,329)	-	96,276
Website Development	36,697	20,601	-	-	-	57,298
	\$131,484	\$53,419	-	\$(31,329)	-	\$153,574

2017						
	Opening Balance	Amortisation Expense	Impairment Losses	Eliminated on Disposal	Transfer to Assets Held For Sale	Closing Balance
Computer Software Licences	64,403	30,384	-	-	-	94,787
Website Development	17,149	19,548	-	-	-	36,697
	\$81,552	\$49,932	-	-	-	\$131,484

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

The carrying value of each class of intangible asset is made up as follows:

	2018			2017		
	Cost	Accumulated Amortisation / Impairment	Carrying Value	Cost	Accumulated Amortisation / Impairment	Carrying Value
Computer Software Licences	183,202	96,276	86,926	198,283	94,787	103,496
Website Development	104,333	57,298	47,035	102,045	36,697	65,348
	\$287,535	\$153,574	\$133,961	\$300,328	\$131,484	\$168,844

The following additional disclosures are made in respect of intangible assets:

No intangible assets are pledged as security for liabilities. There are no restrictions on title to intangible assets other than those that may arise from retention of title clauses for purchased additions for which payment remains due under normal credit terms.

There are no contractual commitments for the acquisition of intangible assets.

20. PROPERTY PLANT AND EQUIPMENT

Movements in the cost or valuation of each class of property, plant and equipment are as follows:

2018						
	Opening Cost or Valuation	Additions at Cost	Revaluation	Disposals at Cost	Transfers to Investment Property	Closing Cost or Valuation
Land Alexandra Park	82,500,000	-	11,406,205	-	(2,296,205)	91,610,000
Land Pukekohe	11,450,000	-	7,400,000	-	-	18,850,000
Land Improvements	1,256,716	40,223	-	(5,152)	-	1,291,787
Buildings & Grandstands	33,564,586	-	-	-	-	33,564,586
Plant, Machinery & Vehicles	5,494,787	229,006	-	(185,914)	-	5,537,879
Flood & Security Lighting	1,406,754	-	-	-	-	1,406,754
Furniture, Fittings & Other	1,126,353	11,009	-	-	-	1,137,362
	\$136,799,196	\$280,238	\$18,806,205	\$(191,066)	\$(2,296,205)	\$153,398,368

2017						
	Opening Cost or Valuation	Additions at Cost	Revaluation	Disposals at Cost	Transfers to Investment Property	Closing Cost or Valuation
Land Alexandra Park	21,048,000	-	61,452,000	-	-	82,500,000
Land Pukekohe	6,535,000	-	4,915,000	-	-	11,450,000
Land Improvements	1,217,675	39,041	-	-	-	1,256,716
Buildings & Grandstands	33,560,120	4,466	-	-	-	33,564,586
Plant, Machinery & Vehicles	5,281,421	214,050	-	(684)	-	5,494,787
Flood & Security Lighting	1,406,754	-	-	-	-	1,406,754
Furniture, Fittings & Other	1,055,195	71,158	-	-	-	1,126,353
	\$70,104,165	\$328,715	\$66,367,000	\$(684)	-	\$136,799,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

Movements in accumulated depreciation and impairment losses of each class of property, plant and equipment are as follows:

2018						
	Opening Balance	Depreciation Expense	Impairment Losses	Eliminated or Disposal	Assets on Amalgamation	Closing Balance
Land Alexandra Park	-	-	-	-	-	-
Land Pukekohe	-	-	-	-	-	-
Land Improvements	736,052	60,174	-	(372)	-	795,854
Buildings & Grandstands	19,091,224	955,885	-	-	-	20,047,109
Plant, Machinery & Vehicles	4,549,902	278,970	-	(173,133)	-	4,655,739
Flood & Security Lighting	1,325,706	10,578	-	-	-	1,336,284
Furniture, Fittings & Other	769,538	58,744	-	-	-	828,282
	\$26,472,422	\$1,364,351	-	\$(173,505)	-	\$27,663,268

2017						
	Opening Balance	Depreciation Expense	Impairment Losses	Eliminated or Disposal	Assets on Amalgamation	Closing Balance
Land Alexandra Park	-	-	-	-	-	-
Land Pukekohe	-	-	-	-	-	-
Land Improvements	674,209	61,843	-	-	-	736,052
Buildings & Grandstands	18,131,964	959,260	-	-	-	19,091,224
Plant, Machinery & Vehicles	4,277,366	272,654	-	(118)	-	4,549,902
Flood & Security Lighting	1,315,128	10,578	-	-	-	1,325,706
Furniture, Fittings & Other	701,113	68,425	-	-	-	769,538
	\$25,099,780	\$1,372,760	-	\$(118)	-	\$26,472,422

The carrying value of each class of property, plant and equipment is made up as follows:

	2018			2017		
	Cost or Valuation	Accumulated Depreciation / Impairment	Carrying Value	Cost	Accumulated Depreciation / Impairment	Carrying Value
Land Alexandra Park	91,610,000	-	91,610,000	82,500,000	-	82,500,000
Land Pukekohe	18,850,000	-	18,850,000	11,450,000	-	11,450,000
Land Improvements	1,291,787	795,854	495,933	1,256,716	736,052	520,664
Buildings & Grandstands	33,564,586	20,047,109	13,517,477	33,564,586	19,091,224	14,473,362
Plant, Machinery & Vehicles	5,537,879	4,655,739	882,140	5,494,787	4,549,902	944,885
Flood & Security Lighting	1,406,754	1,336,284	70,470	1,406,754	1,325,706	81,048
Furniture, Fittings & Other	1,137,362	828,282	309,080	1,126,353	769,538	356,815
	\$153,398,368	\$27,663,268	\$125,735,100	\$136,799,196	\$26,472,422	\$110,326,774

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

The following additional disclosures are made in respect of property, plant and equipment:

There were restrictions on title to property, plant and equipment (Note 23).

Land at Alexandra Park is carried at independent valuation as at 31 July 2018 prepared by K Beckett (ANZIV, SPINZ), Associate Director, CBRE Limited, Registered Valuers.

Land at Franklin Park on Station Road, Pukekohe is carried at independent valuation 31 July 2018 prepared by J Ellis (MPINZ), Director, CBRE Limited, Registered Valuers.

The sales comparison method was used to arrive at the fair value of land at Alexandra Park and Franklin Park, taking into consideration the general market perception of this type of asset. The valuation of Alexandra Park includes the potential opportunity to rezone and assumes a 75% probability factor that a mixed use zoning could be achieved for the entire property.

Land carried as part of property, plant and equipment does not include those areas of land recognised as investment property and reported at fair value in accordance with the requirements of PBE IPSAS 16 (Note 21).

The original cost of land carried at valuation is \$6,130,920. The surplus due to revaluation is \$104,329,080 and is carried as a separate line item in equity.

21. INVESTMENT PROPERTY

Movements in the carrying value of investment property are as follows:

2018						
	Opening Balance	Additions at Cost	Transfers from Property, Plant & Equipment	Transfers Between Investment Property	Fair Value Gain	Closing Balance
350 Manukau Road, Epsom	5,250,000	-	-	-	50,000	5,300,000
352 Manukau Road, Epsom	10,100,000	-	-	-	300,000	10,400,000
223A/B Green Lane West, Epsom	7,288,079	3,911,131	-	-	-	11,199,210
223C Green Lane West, Epsom	11,450,000	-	1,665,790	(3,091,500)	5,815,710	15,840,000
225 Green Lane West, Epsom	-	-	630,415	3,091,500	3,998,085	7,720,000
32 Campbell Crescent, Epsom	8,950,000	-	-	-	50,000	9,000,000
	\$43,038,079	\$3,911,131	\$2,296,205	-	\$10,213,795	\$59,459,210

2017						
	Opening Balance	Additions at Cost	Transfers from Property, Plant & Equipment	Transfers Between Investment Property	Fair Value Gain	Closing Balance
350 Manukau Road, Epsom	3,500,000	-	-	-	1,750,000	5,250,000
352 Manukau Road, Epsom	4,430,000	-	-	-	5,670,000	10,100,000
223A/B Green Lane West, Epsom	-	-	7,288,079	-	-	7,288,079
223C Green Lane West, Epsom	11,480,000	-	-	-	(30,000)	11,450,000
32 Campbell Crescent, Epsom	8,000,000	94,058	-	-	855,942	8,950,000
	\$27,410,000	\$94,058	\$7,288,079	-	\$8,245,942	\$43,038,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

The following additional disclosures are made in respect of investment property:

The Club engaged K Beckett (ANZIV, SPINZ), Associate Director, CBRE Limited, Registered Valuers, to provide an independent assessment of the fair value of investment property. The valuation reports are dated between May and July 2018 with fair value being assessed as at 31 July 2018.

The fair value of property at 350 Manukau Road has been determined using a term and reversion approach to reflect the highest and best use of the site. The premises are leased to a fast food operator with a weighted average term to run of 4.6 years. There is 1 right of renewal available for 10 years. Under this approach the annual premises rent has been grown at an average growth rate of 2.0% per annum and the underlying land value grown at 3% per annum. Both the rental and land value have been deferred from final expiry of the lease in 2033.

The fair value of the lessors interests in the property at 352 Manukau Road has been determined using both the Capitalisation and Discounted Cash Flow approaches. The valuation is based on rent at market levels and is due for review on 1 February 2019 which is also a renewal date. There are 2 further rights of renewal of 20 years each. The total lease term to run (including all renewals) is 40.5 years. The Direct Capitalisation method adopts a capitalisation rate of 6.0%, with an internal rate of return of 8.5% adopted for the discounted cashflow analysis for a period equivalent to the total lease term.

The property 223A and 223B is held at cost and represents the portion of developments in progress that will be leased as retail space on completion of development.

The fair value of property at 32 Campbell Crescent has been determined using both the Direct Capitalisation and Discounted Cash Flow approaches, having regard to the existing lease to a good quality tenant. The rent is considered to lie at or around market levels with a further 7.5 years to run on the lease. The Direct Capitalisation method adopts a capitalisation rate of 5.5%, while the discounted cashflow calculation adopts an internal rate of return of 7.0% and a cashflow period of 10 years.

The fair value of land at 223C and 225 Green Lane West has been determined using a direct comparison approach factoring in recent comparative sales in the market. The land is valued subject to vacant possession having regard to the good locational attributes of the property, the mixed use zoning under the Auckland unitary plan, along with reasonable market conditions for a development asset of this nature as at the date of valuation. During the year subdivision of land resulted in the reclassification of land from property, plant and equipment into investment property including a transfer between the 223C and 225 Green Lane West properties also.

Investment properties situated at 350, 352 Manukau Road, 28 Campbell Crescent and 223A, 223B, 223C and 225 Green Lane West are subject to mortgages in favour of Westpac New Zealand Limited and/or ANZ Bank New Zealand Limited (Note 23).

The Club has no contractual obligations to purchase, construct or develop the existing investment properties situated at 350, 352 Manukau Road, 28 Campbell Crescent, 223C and 225 Green Lane West or for repairs, maintenance or enhancements.

22. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Club has engaged professional service consultants and contractors for the development of 223A Green Lane West into a mix of commercial and residential property with expected completion mid to late 2019. Prior to balance date the Building A contractors contract was terminated, a replacement contractor CMP Construction Limited has been appointed and their construction cost and programme for completion is currently being developed. At balance date the estimated commitment for the balance of the terminated construction contract and related professional services was \$46,798,265 which will likely increase due to change over costs related to the new contractor. At the time of signing the accounts, these costs are unknown and as such can't be reliably disclosed. Bank funding by Westpac is in place through the transition period and will be extended on receipt of the amended programme and construction cost to facilitate completion of the development.

The Club has engaged professional services and contractors for the development of 223B Green Lane West into a mix of commercial and residential property with expected completion during the year ended 31 July 2019. At balance date the Club is committed to the balance of the construction contract and related professional services of \$38,933,065. Bank funding has been approved for the development and the facility is being drawn down monthly to settle progress payments.

The Club has indemnified Westpac New Zealand Limited in respect of a \$30,000 bank guarantee in favour of the New Zealand Racing Board. The guarantee was required as a condition of the Club being able to operate a social TAB agency at Alexandra Park.

There are no other material capital commitments or contingent liabilities as at 31 July 2018.

FINANCIAL NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

	NOTE	GROUP	
		2018	2017
		\$	\$
23. BORROWINGS			
Bank Loans		130,844,651	78,007,909
Loan from Harness Racing New Zealand Incorporated		400,000	400,000
Deferred finance expense		(327,000)	(635,000)
		\$130,917,651	\$77,772,909
Payable during the current 12 months		130,917,651	77,372,909
Payable in future periods		-	400,000
		\$130,917,651	\$77,772,909

The Club has bank loans for the development of key projects, the loans have been classified as current or non-current liabilities per the documented expiration date on the term of each loan. The loans will be repaid on completion of the projects once settlement has been achieved, this will require an extension of term on those loans that are due to expire before completion date, the banks are aware of all project matters including expected date of completion through regular independent monthly reporting.

A loan facility for \$103,300,000 with a current value drawn of \$56,057,251 is provided by Westpac New Zealand Limited (Westpac) with a maturity date of 30 September 2018 on an interest only basis with full repayment due on completion and settlement of apartment sales which is expecting to be during the year ended 31 July 2020. The interest rate applicable is floating based on Westpac's 30 day bank bill bid rate plus margin. An overdraft facility of \$1,500,000 is also available for the purpose of assisting in the timing of GST refunds, the overdraft will incur interest at Westpac's commercial variable lending rate plus 2.0%. During the financial year this overdraft facility has been utilised, as at the balance date of 31 July 2018 a total of \$1,507 was drawn.

A loan facility for \$10,000,000 with a current value drawn of \$7,724,141 is provided with a maturity date of 30 September 2018, interest is capitalised into the loan and full repayment due on completion of the project and the expected expiry of the facility. The interest rate applicable is floating based on Westpac's 30 day bank bill bid rate plus margin.

A loan facility for \$4,500,000 with a current value drawn of \$4,412,676 is provided with a maturity date of 30 September 2018 with interest payable monthly and full repayment due on completion of the project and the expected expiry of the facility. The interest rate applicable is floating based on Westpac's 90 day bank bill bid rate plus a margin of 2.00%.

All loans to Westpac are secured by first and exclusive mortgages over the properties at 350 and 352 Manukau Road, 32 Campbell Crescent, 223C, 225 and 223A Green Lane West, and a registered first and exclusive deed of assignment and Specific Security Agreement covering sale and purchase contracts, deposits, construction contracts and contractors performance bond and all building and local authority permits and resource consents related to the development.

A loan facility for \$108,500,000 with a current value drawn of \$62,352,583 is provided by ANZ Bank New Zealand Limited (ANZ) with a maturity date of 31 May 2019 on an interest only basis with full repayment due on completion and settlement of apartment sales which is expecting to be during the year ended 31 July 2019. The interest rate applicable is floating based on ANZ's 30 day bank bill bid rate plus margin.

The loan to ANZ is secured by first and exclusive mortgages over the properties at 223B and 239 Green Lane West, 240 Station Road, and a registered first ranking Specific Security Agreement over rights in respect of sale and purchase contracts, deposits, construction contracts, plans/specification and performance bonds related to the development.

Interest of \$4,342,835 was capitalised into the cost of developments and the loan value during the year. The average rate across the development loans held with ANZ and Westpac is 4.45%.

The loan from Harness Racing New Zealand Incorporated is non-interest bearing and has a term expiring on 31 July 2019, the loan is secured by a mortgage over the property at 242 Station Road, Pukekohe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 July 2018

24. CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements involve the application of judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions are believed to be reasonable based on the most current set of circumstances available. The areas subject to judgements, estimates or assumptions that can have a material impact on reporting are:

Depreciation of property, plant and equipment (Note 20) and the amortisation of intangible assets (Note 19) is subject to an assessment of the economic life of each asset based on past experience or available information from other sources.

The valuation of land and investment properties is obtained from independent valuation by a qualified person exercising their professional judgement to assess the fair value at the date of valuation. (Notes 20,21)

The impairment of assets relies on an assessment of the ability of the asset to continue to return future economic benefit to the Group. An asset will be impaired if there is determined to be no future economic benefit or the benefit has materially diminished. (Note 14)

Development project costs are accumulated on the assumption that projects will continue to completion and realise economic benefit for the Group. Should circumstances be such that costs incurred to date will no longer realise future economic benefit the costs are written off.

The Club has been provided with assurance from the project funders that they will provide the necessary facilities to see the development projects to completion.

25. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date, the Club's previous contractor for the 223A Green Lane West development filed an application for an injunction to hold the release of the contractor's bond valued at \$3,000,000. The hearing for this application has been set for the 20th November 2018. The Club has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no adjustment has been made to the financial statements

AUDITOR'S REPORT



RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

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www.rsmnz.co.nz

Independent Auditor's Report

To the members of Auckland Trotting Club Incorporated

Opinion

We have audited the consolidated financial statements of Auckland Trotting Club Incorporated (the Club) and its subsidiaries (the group), which comprise:

- the consolidated balance sheet as at 31 July 2018;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 34 to 55 present fairly, in all material respects, the financial position of the group as at 31 July 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (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.

Other than in our capacity as auditors, RSM Hayes Audit and our staff members may, from time to time have received services from the Club during the year on normal commercial terms and an arm's length basis. Other than that, we have no relationship with, or interests in, the Club or any of its subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises the information on pages 1 to 33 and pages 58 to 63 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of directors for the consolidated financial statements

The directors 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, and for such internal control as the directors 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, the directors are responsible, on behalf of the Club for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

Who we report to

This report is made solely to the Auckland Trotting Club Incorporated members, as a body. Our audit has been undertaken so that we might state to the 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 its members as a body, for our work, for this report, or for the opinions we have formed.

RSM

RSM Hayes Audit
Auckland

27 September 2018

2017/18 MEMBERS

A

2012-2013	ABERNETHY, J
2007-2008	ABERNETHY, P
1980-1981	ALCOCK, T.C
2004-2005	ALEXANDER, J.D
2016-2017	ALLEN, L
1976-1977	ANDREW, G.M.
1972-1973	ARCHER, D.L
2014-2015	ARCHER, B.J
2015-2016	ARGUS, P.G
2006-2007	ARNET, S.P
1972-1973	ASHBY, G.K.
2011-2012	AUGUSTINE, D.R

B

1987-1988	BAILLIE, P.G
1981-1982	BAKER, N.N.
1994-1995	BAKER, G.S.
1982-1983	BALLE, M.F.
1997-1998	BALLE, R
2017-2018	BALLE, D.M
2017-2018	BALLE, C.L
◆ 1984-1985	BALLE, K.R.
2017-2018	BAMBER, C
2013-2014	BANKS, G
1996-1997	BANTON, C
1998-1999	BARLOW, C.
1980-1981	BARNES, K.J
1981-1982	BARNES, R.C.
1980-1981	BARRADALE, C
1993-1994	BARRETT, J.O
1967-1968	BARRY, P.R
1983-1984	BATSON, A.W
1984-1985	BAX, E.J
2017-2018	BERRY, R
2003-2004	BERTAUT, L
2009-2010	BEST, R.S
2010-2011	BESWICK, I.C
2007-2008	BIDDLECOMBE, D.P

2013-2014 BIDDLECOMBE, K

2009-2010 BILLINGTON, N.R

1981-1982 BOLAND, J.M

2010-2011 BOLTON, R

1997-1998 BOSCH, F.B.

1992-1993 BOYD, I.G.

1998-1999 BOYD, G.W.S.

2011-2012 BRADY, T

1984-1985 BRECKON, G.K

2012-2013 BRECKON, G.P

2014-2015 BRECKON, K.D

2012-2013 BRECKON, A.K

◆ 1994-1995 BRECKON, K.G.

2016-2017 BRENAN, J.O

1976-1977 BRIDGFORD, R.A.

1997-1998 BROWN, N.V.

1989-1990 BROWNLEE, J.P.

2008-2009 BRYANT, J.S

1985-1986 BULT, P.C.

1973-1974 BURLEY, P.C

1948-1949 BURNS, A.R

2012-2013 BURTON DEW, B

C

1984-1985 CALDERWOOD, I.E.

2017-2018 CAMPBELL, D

1964-1965 CAMPBELL, S.J.

2012-2013 CAMPION, R.J

2003-2004 CARGILL, T.M

1984-1985 CARR, R.G.

2013-2014 CARTER, M.R

1983-1984 CARTER, R.W.

1994-1995 CARTER, B.K

1985-1986 CASTLES, G.V.

1987-1988 CATHRO, C.E.

2017-2018 CHAPMAN, C

2017-2018 CHAPMAN, G

1975-1976 CHARLESWORTH, J.R

2008-2009 CHARLTON, P

2016-2017 CHEUNG, J

2000-2001 CHIA, S.K.H

1990-1991 CHRISTENSEN, L.G.

2010-2011 CHURCHES, D.B

1992-1993 COLE, G.W.

2013-2014 COLE, M.C

2014-2015 COLE, J.H

2008-2009 COLLINS, J.A

2004-2005 COLSON, C.D

1961-1962 COMMONS, F.M

1953-1954 CONROY, D

2013-2014 CONWELL, C

◆ 1985-1986 COOK, P.M

1997-1998 CORNWALL, S.J

1976-1977 COZENS, L.O

1965-1966 CRADDOCK, N

1984-1985 CRAIG, H.J

◆ 1964-1965 CRAMER-ROBERTS, K.D.

1977-1978 CROOKE, K.T

2016-2017 CROOKES, G.M

◆ 2001-2002 CROON, R.S

◆ 1989-1990 CROUTH, J.P.

1972-1973 CULPAN, N.M

1981-1982 CURACH, G.P

1999-2000 CURSON, P.G

1988-1989 CURTIN, J.D

D

1981-1982 DALZIEL, W.P

2015-2016 DARBY, L

2007-2008 DATSON, G

1984-1985 DAVIDSON, K

2004-2005 DAVIS, T.A

2016-2017 DAVISON, S

1998-1999 DAVISON, B.L

1981-1982 DAWBER, T.R

2017-2018 DE JONGH, C.O

2013-2014 DEAN, A

1955-1956 DELL, G

1979-1980 DELL'ISOLA, A.P.

2001-2002 DEMPSEY, R

1968-1969 DENNING, D.R.

2017-2018 DIAS, J.R

2013-2014 DICKIE, C

1999-2000 DICKINSON, A.N

1969-1970 DIVICH, A.M

2017-2018 DONALDSON, D.I

2017-2018 DONALDSON, L.D

2013-2014 DOODY, B

2016-2017 DOODY, O

1989-1990 DORMER, G.R

2011-2012 DORMER, A

1995-1996 DOUGHTY, G.C.

1995-1996 DOUGHTY, W.

2008-2009 DOW, J.R

2016-2017 DOW, K.F

1973-1974 DOWNEY, A.B

2013-2014 DOWNEY, R.C

1988-1989 DRIVER, L.C

1988-1989 DUDLEY, M.J

2005-2006 DUNELL, P

2009-2010 DUNFORD, M.D

2007-2008 DUNFORD, D.M

1986-1987 DUNN, I.L

2017-2018 DUNN, R.J

1985-1986 DWYER, D.P

E

1963-1964 EAGLES, P.W

2015-2016 EAST, R.B

1992-1993 EDE, G.M

2018-2019 EDMONDS, C.R

2005-2006 EDWARDS, E.J

2013-2014 ELFLEET, E.G

1973-1974 ELLIFFE, D.M.

1979-1980 EVANS, J.G

2014-2015 EWINGTON, R.H

1983-1984 EYRE, H.A.R.

F

2009-2010 FAIRLIE, D.C

1999-2000 FAMULARO, R

1985-1986 FARLEY, G.W

2009-2010 FARRELL, B

1987-1988 FEEK, M.W

1970-1971 FERGUSON, K

2013-2014 FIECHTER, R

1989-1990 FILE, M

2016-2017 FISSENDEN, S

2011-2012 FLAY, S.J.K

1989-1990 FLEETWOOD, G.E

1976-1977 FLYNN, K.G

2011-2012 FOLEY, K.J

1985-1986 FOLEY, W

1984-1985 FORD, M

1996-1997 FOSTER, G.E.

2008-2009 FRECHTLING, R.C

1987-1988 FRENCH, D.K

1975-1976 FULTON, A.L.

G

2010-2011 GAIN, A.S

1964-1965 GALBRAITH, A.R

1972-1973 GALLAGHER, C.D

1979-1980 GARELJA, T.G.

1985-1986 GIANOTTI, W.J

1972-1973 GIBBONS, N.P.

◆ 1970-1971 GIBBONS, N.H

1965-1966 GLENN, M.K

1991-1992 GOLDSWORTHY, M.J

1998-1999 GOLDSWORTHY, D.V

◆ 1991-1992 GOLDSWORTHY, M.F.

1998-1999 GORDON, N.R

1988-1989 GORYL, A.

1970-1971 GRAHAM, R.C

1976-1977 GRAY, R.J.

2006-2007 GRAYLING, A.S

1982-1983 GREEN, B.R

1984-1985 GREEN, M.E

2013-2014 GREEN, P.C

1967-1968 GREEN, T.A

2017-2018 GREGORY, C

2017-2018 GREGORY, O

1969-1970 GRIFFITHS, S.R.

1976-1977 GRIMMOND-REICHEL, L.A

2003-2004 GUBB, W.P

H

1983-1984 HABRAKEN, H.J

2008-2009 HACKETT, B.P

2017-2018 HADDAD, S

1961-1962 HADDOCK, K.G

1996-1997 HADLOW, S.A

2012-2013 HAILES, P

1989-1990 HALL, J.W

2003-2004 HAMLEY, R.E

2009-2010 HANNA, V

1985-1986 HANSEN, P.V

1991-1992 HARDING, G.W.

1989-1990 HARRIS, R.J

2007-2008 HARRIS, C.J

◆ 1969-1970 HARRIS, H.G.

1954-1955 HARRISON, B.

1963-1964 HARRISON, K

1989-1990 HART, J.B

1974-1975 HEALEY, B.E

2004-2005 HEASLIP, G.A

2004-2005 HECK, M.P

1989-1990 HEDGER, B.A.

1969-1970 HEIGHWAY, J

1994-1995 HENLEY, G.R

2004-2005 HENWOOD, L.T

1995-1996 HERLIHY, A.G

1995-1996 HERLIHY, S

2003-2004 HERON, I.M

1990-1991 HEWES, B.D.

1998-1999 HIGH, R

1983-1984 HOBMAN, B.R

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1993-1994 HODGKINS, .M.J

2013-2014 HOGGARD, M.J.V

◆ 1985-1986 HOLLOWAY, S.

1968-1969 HOOPER, L.R

2010-2011 HOPE, W.R

1964-1965 HORNBLow, B.R

1976-1977 HOWE, W.N

1982-1983 HOYLE, M.

1969-1970 HOYTE, W.C

1977-1978 HUGHES, B.J.

2005-2006 HUGHES, B

2014-2015 HUGHES, B

2008-2009 HULST, G

2016-2017 HUNT, R.L

2016-2017 HUNTER, F

1994-1995 HUNTER, M.B

I

1992-1993 IRONMONGER, B.A

2004-2005 IRWIN-PARSONS, L

J

1976-1977 JEFFERIES, C

2005-2006 JENKINS, D.N

1984-1985 JOHNSON, B

1987-1988 JOHNSON, R.C

2012-2013 JOHNSON, M

2014-2015 JOHNSON, G.A

2013-2014 JOHNSON, C

2012-2013 JOHNSON, T

1989-1990 JONES, J.J.

1967-1968 JONES, P.R

1989-1990 JURY, L.C

K

2017-2018 KANE, N

1974-1975 KEEGAN, G.J.

1984-1985 KELLY, G.W

1988-1989 KENNEDY, R.B

1964-1965 KENNEDY, J

2017-2018 KENNY, P.G

1967-1968 KERR, G.R

2008-2009 KILGOUR, B

2015-2016 KIRK, P

1975-1976 KIRKBRIDE, D.G.

2017-2018 KLAASSEN, D.B

2017-2018 KLENNER, R

1994-1995 KNOX, A.J.

1983-1984 KOEFOED, H.R

2012-2013 KUSABS, S.A

L

1974-1975 LANDON, C.C

1985-1986 LASCELLES, P.R

2012-2013 LATIMER, D

2016-2017 LEAN, S.D

2013-2014 LEE, B

2003-2004 LEE, M.D

1968-1969 LESLIE, M.J

2013-2014 LIGHTBOURNE, W

1977-1978 LIPA, J.S.

2016-2017 LITTLE, M

2016-2017 LITTLE, S

1978-1979 LLOYD, M.B

2016-2017 LLOYD, N

2009-2010 LOGAN, G.F

1990-1991 LONG, E.J

1968-1969 LOOMB, J.A

2004-2005 LOVEDAY, J.B

2005-2006 LOVETT, R.G

2017-2018 LOWE, A.S

◆ 1979-1980 LOWTHER, P

1969-1970 LUM, L.S.

◆ 1989-1990 LYNCH, R.J

M

1992-1993 MABEY, W.K

1982-1983 MACDONALD, D.S

1985-1986 MACFARLANE, G.L.

1999-2000 MACFARLANE, T.A

1989-1990 MACKINNON, J.A.

2012-2013 MACKINNON, C

2012-2013 MACKINNON, J

2012-2013 MACKINNON, O

1968-1969 MAGNESS, R.J

1985-1986 MAHER, J.F

1966-1967 MAICH, J.S.L

2003-2004 MAKAN, D

2012-2013 MANAGH, J

1969-1970 MANN, D.A

1990-1991 MARR, K.D

1994-1995 MARTIN, B.R.

1990-1991 MARTINOVICH, G.P

2008-2009 MASON, G.P

1990-1991 MAXWELL, T.G

2012-2013 MAY, P.J

1993-1994 MCAULEY, R.G

2013-2014 MCCABE, K

2009-2010 MCCARTHY, R.J.H

1985-1986 MCCLINTOCK, G.J

1999-2000 MCDONALD, B.M

2016-2017 MCGEACHIE, B.J

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2013-2014 MCGOWAN, D.W

1985-1986 MCILRAITH, D.H

1983-1984 MCINTOSH, A.J.

2016-2017 MCINTOSH, A

1969-1970 MCISAAC, V.C

2001-2002 MCKENDRY, M

1985-1986 MCKERROW, K.J.

1998-1999 MCLELLAN, A.N

2013-2014 MCLEOD, M

2013-2014 MCLEOD, K

1987-1988 MCMATH, B.D.

1986-1987 MCMURTRIE, G.W

1971-1972 MCRAE, J.I

◆ 1978-1979 MEADOWS, A.S

◆ 1980-1981 MEALE, B.

1981-1982 MEDCALFE, D.

1997-1998 MENDE, F.D

1980-1981 MEREDITH, N.J
 2015-2016 MIDDLETON, IAN
 1980-1981 MILLAR, J
 2006-2007 MILLER, I.A
 1999-2000 MILLIER, G.D.
 1962-1963 MOFFIT, J.A
 2010-2011 MOHANAKRISHNAN, J
 2003-2004 MOORE, D.G
 2006-2007 MOORE, F.R
 2004-2005 MORRIS, K.I
 1992-1993 MORRON, P.R
 1990-1991 MRKUSICH, G.G.
 1953-1954 MRKUSICH, Z.D
 2018-2019 MULLINS, P.J
 1988-1989 MURRAY, C.H
 1965-1966 MUSSON, P.W
 1984-1985 MYLES, G.C

N

2016-2017 NADEN, A.R
 1968-1969 NADEN, A.G
 2010-2011 NEAL, D.T
 1964-1965 NEAL, B.W.D
 2003-2004 NEBEN, B.W
 2005-2006 NEEDHAM, B
 1996-1997 NEVILLE, K.F
 1997-1998 NG, M
 1981-1982 NICOLSON, A.H
 1972-1973 NIEPER, M.J
 1984-1985 NIGRO, J.V.
 2015-2016 NOAKES, G.J
 1984-1985 NOTMAN, M.R

O

1979-1980 O'DONNELL, H.G
 1968-1969 OLIVER, W
 2017-2018 O'MALLEY, R
 2017-2018 O'MALLEY, L
 1975-1976 OUGHTON, L.J
 2014-2015 OUGHTON, F

1988-1989 OUTTRIM, S.W
 1984-1985 OUTTRIM, W.H

P

2009-2010 PACK, Y.M
 1984-1985 PARKER, A.J.
 2013-2014 PARKER, P.R.A
 1997-1998 PARKINSON, A.R
 2003-2004 PARRIS, L.A
 1999-2000 PATON, R
 1960-1961 PAUL, K.G
 1966-1967 PENGELLY, W.R
 2001-2002 PENNEY, A
 1975-1976 PETTIFER, L.D
 1972-1973 PHILLIPS, S.B
 2000-2001 PHILLIPS, A.M.
 1960-1961 PHILLIPS, P.B.
 1985-1986 PHILPOTT, J.S.
 2005-2006 PLANT, B.J
 2005-2006 PLANT, S.R
 2016-2017 POLLOCK, K.M
 1990-1991 POTTER, T.D
 1980-1981 POWELL, R.F
 2007-2008 PRATT, A
 1984-1985 PRICE, J.H.
 2013-2014 PURDON, K
 2001-2002 PURDON, B
 ◆ 1984-1985 PURDON, R.C
 1976-1977 PYE, L.K
 2001-2002 PYKE, R.J

Q

◆ 1977-1978 QUINN, T.A
 2016-2017 QUIRKE, N

R

2000-2001 RACK, G.J
 1985-1986 REEKERS, P.
 1992-1993 REEVE, M.R.
 2015-2016 REID, T

2001-2002 REYNOLDS, J
 1967-1968 RICHARDS, F.F
 2012-2013 RITCHIE, R.A
 ◆ 1963-1964 ROBERTS, C.J
 1975-1976 ROBERTSON, G.I.
 ◆ 1964-1965 ROBERTSON, M
 ◆ 1967-1968 ROBERTSON, G.D.
 1997-1998 ROBINSON, W.A
 1982-1983 ROBINSON, P.A.
 1967-1968 ROBINSON, G.A
 1979-1980 ROGERS, M.
 2009-2010 ROGERSON, G.A
 ◆ 1992-1993 ROSS, J.G
 1965-1966 ROUSE, G.F
 1995-1996 ROWE, C.M.
 2004-2005 RUPP, C
 1972-1973 RUSSELL, T.
 2011-2012 RYAN, G.A

S

1992-1993 SAMPSON, M.F.
 1994-1995 SAMSON, P.A
 2017-2018 SCHNEIDER, A
 1966-1967 SCOLTOCK, W.H.
 1986-1987 SCOTT, J.S
 2017-2018 SCOTT, A
 1965-1966 SCOTT, B.J
 2015-2016 SCREEN, J.A
 2015-2016 SCREEN, T.C
 2002-2003 SCREEN, P.S
 2017-2018 SCREEN, .C
 1995-1996 SEARLE, R.L
 1963-1964 SELWYN, M.J.
 2005-2006 SHAND, G
 2013-2014 SHAW, C
 2013-2014 SHAW, C
 1988-1989 SHAW, E.T.
 1988-1989 SHAW, I.G.
 1991-1992 SHEARING, G.D
 2016-2017 SHEEHAN, C

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2017-2018 SHEEHAN, D.T

1965-1966 SHEW, S.H

1997-1998 SHIU, H.J.

1980-1981 SHORTER, D.E

2004-2005 SHORTER, D.J

2015-2016 SHORTT, L

1973-1974 SIMICH, C.R

1999-2000 SISSONS, R.J

1994-1995 SIXTON, C.D.S.

1990-1991 SIXTON, D.H

1977-1978 SKINNER, M.B

1977-1978 SKINNER, K.D

1989-1990 SMITH, D.J.

2011-2012 SMITH, C

2012-2013 SMITH, I.J

1994-1995 SMITH, P.H.B

1996-1997 SMITH, P.W

◆ 1998-1999 SMITH, D.J

1983-1984 SOUTHEY, R.M

1980-1981 SPARROW, B.

2015-2016 ST JOHN, E

1989-1990 STEINER, J.F.

2004-2005 STEWART, I.E

◆ 1975-1976 STEWART, R.I.J

1994-1995 STOCKMAN, G

◆ 1981-1982 STOCKMAN, S.J.

1992-1993 STORCK, E.C.

2005-2006 STRAWBRIDGE, C.E

2017-2018 STREET, L

◆ 1983-1984 STREET, J.F

2004-2005 STUART, C

2009-2010 STUCKEY, T.E

1983-1984 SUMICH, M.A

1973-1974 SYKES, G

T

1976-1977 TANSLEY, M.G

1983-1984 TAPPER, S.P

1985-1986 TARRY, B.H

1977-1978 TAYLOR, B.E

2010-2011 TAYLOR, T

2013-2014 TAYLOR, D

2016-2017 TAYLOR, A

2016-2017 TAYLOR, J

2004-2005 TAYLOR, J

2004-2005 TAYLOR, B.N

1989-1990 THOMAS, G.R.

2013-2014 THOMPSON, S

1989-1990 THOMSON, R.J.

2016-2017 TILSLEY, N.R

1982-1983 TONG, F

1972-1973 TOOMAN, G.F

1988-1989 TREADAWAY, K

1994-1995 TREVENEN, R

2012-2013 TREWHEELA, S.F

1976-1977 TRILLO, V

1995-1996 TURNER, D.M

2017-2018 TURNER, P

V

2015-2016 VALENTINE, L.A

2015-2016 VALENTINE, W.J

2011-2012 VERRENKAMP, W.G

1985-1986 VIDOVICH, S.

2017-2018 VINCE, T.R

1979-1980 VODANOVICH, P.R

W

2003-2004 WACKROW, P.J

1979-1980 WAIDE, R.

1977-1978 WALKER, T.N

2014-2015 WALKER, D

2005-2006 WALKER, G

2006-2007 WAPP, D

2006-2007 WAPP, A

2008-2009 WARNEFORD, K

1960-1961 WARNOCK, P

1975-1976 WATERS, S.W

1969-1970 WATT, R.J

1983-1984 WAUGH, D.L.

1964-1965 WEAVER, R.H

2010-2011 WEBSTER, J.D

2011-2012 WELLS, P.V

2008-2009 WERNER, M.R

1990-1991 WETHERILL, R.J

1975-1976 WETHERILL, M.J

◆ 1998-1999 WHARFE, G.A

1984-1985 WHITING, B.R.

2007-2008 WHYTE, O.R

2003-2004 WHYTE, W.G

2013-2014 WILLIAMS, G

1983-1984 WILLIAMSON, B.J

1967-1968 WILLY, A.L

1968-1969 WOOLLAMS, K.A

1991-1992 WOOLSTON, G.M

1977-1978 WRIGLEY, M.G

Y

1994-1995 YARDLEY, J

1982-1983 YARNDLEY, R.A.

1986-1987 YEE, L.M.

1965-1966 YEE, R.C.

1965-1966 YEE, V.S

1997-1998 YONG, K.T.L

1984-1985 YOUNG, R.

2002-2003 YOUNG, K.Q

Z

1969-1970 ZALOUM, R.L.

◆ Indicates Life Members



