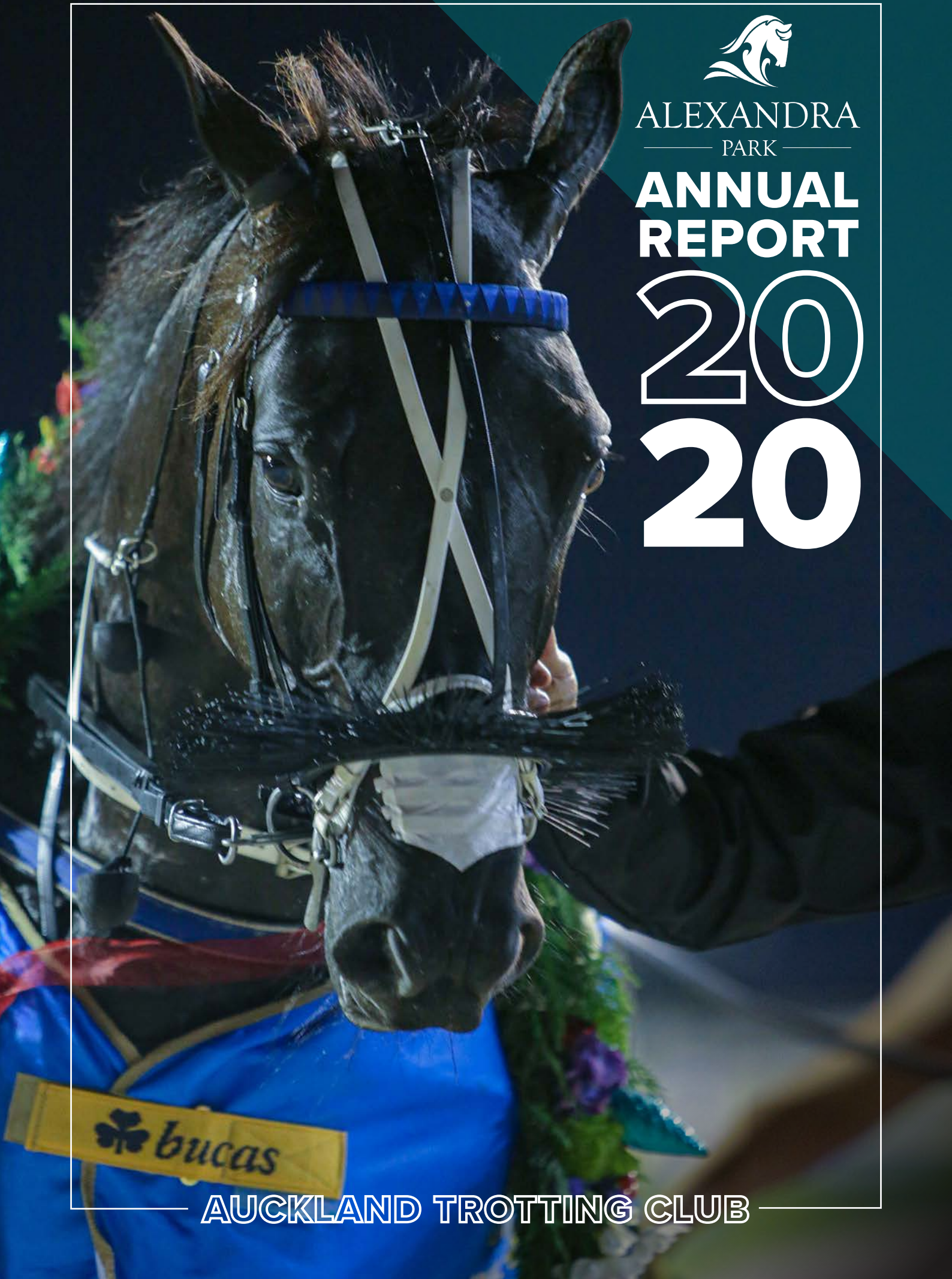




ALEXANDRA  
— PARK —

**ANNUAL  
REPORT**

**20  
20**



— AUCKLAND TROTTERING CLUB —

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#### Annual General Meeting Notice:

Notice is hereby given that the Annual General Meeting of Members of the Auckland Trotting Club Inc. will be held on **Wednesday 21st October 2020 at 6.00pm** in the **Rutherford Room (Level Two)**, at **Alexandra Park, Epsom**

#### Business:

1. To receive the report of the Board, consider and adopt the Financial Statements and receive the Auditor's Report for the year ended 31 July 2020.

2. To elect Directors. This year there are two directors to be elected.

The following nominations have been received for Elected Director positions:

Graham Harford  
Len Oughton

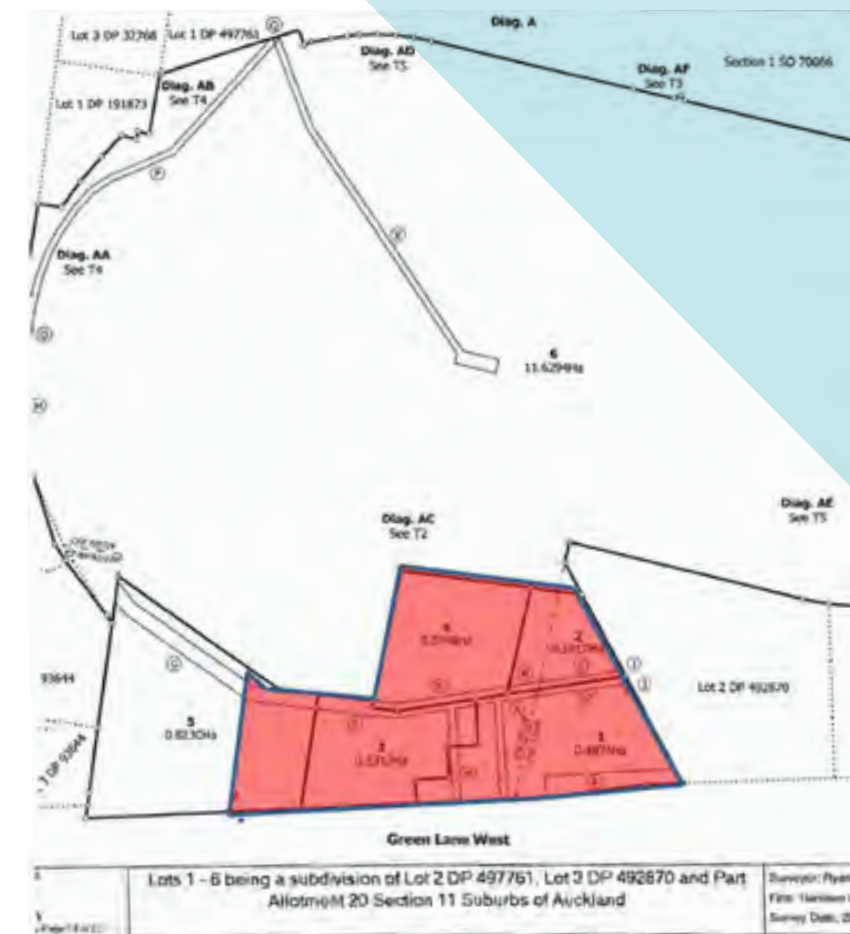
As the number of nominated candidates does not exceed the number of vacant Elected Director positions (two) the President shall declare the two candidates successful at the AGM.

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 resolution as proposed by the Board:

**Resolution 1: Sale of 229-239 Green Lane West, Epsom**

"That the Board, and a sub-committee of members comprising of Mark Sumich, David Turner and Terry Quinn, be authorised to enter into negotiations and complete, execute and perform all necessary documents and acts in order to sell approximately 15,000m<sup>2</sup> of the land shown shaded in red on the plan below (such land being situated at 229-239 Green Lane West, Epsom, Auckland 1023) and to use the net proceeds of such sale to reduce external bank debt relating to ATC's development project".



#### Explanatory Notes to Resolution 1

- (a) The Board considers it desirable, in an endeavour to reduce external indebtedness, to sell the land shaded red on the above plan at 229-239 Green Lane West, Epsom. In order to obtain separate land titles for the area to be sold boundary realignments will be necessary.
- (b) The total area shaded red in the plan comprises approximately 15,000m<sup>2</sup> and has an estimated land value assessment of \$50,250,000 (based on \$3,350 per m<sup>2</sup>).
- (c) This assessment value is based on the weighted average valuation per m<sup>2</sup> for the applicable land completed by independent registered valuers, CBRE Limited, as at 31 July 2020.
- (d) Currently Lollipops Daycare occupies a small western portion on the border of lot 3/5 at a contracted annual rent amount of \$235,000 plus GST – this Lease expires on 31 July 2022.
- (e) The sale proceeds would be used to lessen our current bank debt, on which we are paying 4.29% interest, including Line fees.

5. General Business

**Mauro Barsi**  
Chief Executive Officer  
6 October 2020





## ROD CROON

PRESIDENT

*Rod has been either President or Vice-President for 13 out of the last 16 years. He has also recently served 7 years on the NZ Racing Board. Rod has bred, owned and raced many horses and is very determined to drive the success of the ATC.*

This year has been one of great challenge.

The main focus of the Board this year has been to bring our building development to a successful conclusion and to ensure that we manage residual debt from the development and the impact of Covid-19. We can report that a clear direction is now in place to do this that will ensure the Club has ongoing revenue streams and future development options available to it. We all want to see the ATC back as a Trotting Club with healthy and sustainable stakes and strong cash reserves to deal with unforeseen circumstances.

With respect to our building development and rising costs, we can see that the main drivers for these impacts are interest costs and consultancy fees arising from additional delays. In simple terms, approximately 8 months have been added to the projected finish dates of both developments as estimated at the time of our last annual report. A separate but significant cost has been legal fees associated with development – both in terms of direct consultancy and in terms of managing legal processes such as Arbitration and Mediation. More on these matters will be made clear at coming AGM.

At the time of writing this report – and as part of our debt management – we are currently finalising the sale of our Manukau Road properties 15 months after Member's approval in June 2019. We expect to have more details around this available at the AGM. Also to be presented at the AGM will likely be an offer, subject

to Member's approval, for 1.5ha of undeveloped land from the end of the current developments to the entrance of Lollipops on Greenlane West, and including the Epsom Stand. This land sale will allow the club to continue with the current development undertaking, with no development risk to the club. The sale proceeds, plus Manukau Road, will substantially reduce the club's bank debt.

Rezoning of the Franklin Training Track is progressing well, and sometime next year there will be a presentation to the members seeking approval to sell this land with a leaseback clause - allowing us time to purchase rural zoned land nearby and develop that into new training facilities. All this will be done in conjunction with the Pukekohe trainers. The balance of funds after the relocation – if any – will be used to clear any remaining bank debt or for the betterment of the Club.

Once the property developments are behind us and residual bank debt has been extinguished from property sales, the ATC is expected to have positive cash surpluses per annum, with revenues generated from new building rents, gaming machines, the Blues rental, plus our other profitable activities.

By the time of our AGM, Building B will be substantially finished with residents completing their final inspections in readiness to move in, and resales from cancelled apartment sales should largely be sold. The completion of Building A is expected to occur prior to

Xmas for our residents to commence moving in. We will have an update on resales, plus the retail leasing for both projects at our AGM.

With respect to my fellow board members, I note that Derek Balle is stepping down from the board at this AGM and I would like to thank him for his contribution, especially on racing matters. His director's place is being taken by our previously appointed member, Graham Harford, who feels he can make a more long-term commitment as an elected director. I also welcome Len Oughten for another term. For completeness, as there were no other nominations received both Graham and Len will be formally appointed at the AGM.

I would like to thank all my fellow directors for their commitment and staying focussed in what has been a very challenging season. I would also like to thank our hard working Stewards who are the backbone of the Club on race nights. Also, my appreciation to Mauro and his team in a year dominated by Covid 19 and responsible for many redundancies and restructuring. I acknowledge that this has been a difficult time for our people at the Club.

In 12 months' time – as a result of the hard work and energy we have all brought to the Club, I believe that we will be able to look out from our new facilities and look forward to a prosperous future.







**JAMIE MACKINNON**  
*Vice President*

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.



**SCOTT PLANT**  
*Director*

Scott is the former Managing Director of a Nationwide Freight company, Streamline Freight. Five years ago his business was sold and Scott retired.

The last five years he has continued to breed and race pacers, supporting the Auckland Trotting Club and being re-elected to the Board last year.

Scott has been actively attending Alexandra Park for over 50 years and appreciates the opportunity to help the Club through these challenging times.



**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.



**SHAUN BROOKS**  
*Independent Director*

Shaun is an experienced director and senior financial executive who has worked in CFO and general management positions across New Zealand, Australia and Asia. Shaun was most recently the CFO of the Racing Industry Transition Authority (previously NZRB), a position he held for the past 5 years encompassing strategic, operational and financial leadership for the business. Prior to this, Shaun was an advisory director for an e-commerce venture and CFO for Fonterra Brands where he provided strategic and financial leadership for the Consumer Brands Business.



**LEN OUGHTON**  
*Director*

Len is a Financial Adviser who was appointed to the Board in January 2020 following being a Race Night Steward for the previous 4 years.

Len is a longtime member of the ATC and is very passionate about Harness Racing and the future of our Club.

Through his association with Barry Purdon, Len has raced the very good horses Sky Major, Maxim, Jack's Legend & Cheer The Lady.




**GRAHAM HARFORD**  
*Independent Director*

Graham was appointed to the Board in November 2018. His appointment was primarily made to assist the Board Members with legal issues arising from the Development Project.

Graham, Director of Dawson Harford Limited, Lawyers & Notary Public, specialises in Corporate & Commercial Law.

Dawson Harford Limited is a keen supporter of the Auckland Trotting Club and has sponsored the NZ Messenger Championship Group 1 Race for many years.





# GOVERNING STATEMENT

**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 stakeholders.

## 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.

## 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
- Major Capital Expenditure
- Acquisitions, divestments and funding
- The club's accounts
- Oversee risk management
- Compliance – Health and Safety, internal and legal compliance
- Codes of conduct
- Appointment of the CEO
- Remuneration for the CEO, management team and staff

## STRATEGIC REVIEW

Each year the Board and Management develop and approve a Business Plan / Budget which identifies opportunities and challenges for development, risks associated with the club's operations, funding requirements and resources.

## 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 compliance with legislative requirements such as Health & Safety.

## COMMITTEES

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

- Racing Committee
- Audit & Finance Committee
- Property Committee
- Development Finance Committee
- Remuneration Committee
- Interdominions 2019 Committee

## ATTENDANCE AT BOARD MEETINGS

Board Meetings (12 Meetings 2019-2020 Season)  
Messrs:

- R Croon (12)
- J Mackinnon(12)
- G Harford (12)
- S Brooks (11)
- D Balle (11)
- S Plant (9)
- L Oughton (6)
- R Johnson (5)
- L Peckham (3)
- B Carter (3)



# COVID-19 IMPACT

*Covid-19 has had, and may well continue to have, a significant impact on the Club.*

As a result of Level 4 and Level 3 requirements, we had to close our Food and Beverage, Raceday activity, TAB, and Gaming room for the lockdowns – essentially removing all of our revenue generating activity. Additionally, we have a number of sites leased to third parties that have been unable to trade during the lockdown period and we saw a consequential lessening of our rental revenues as well.

Two key areas of major impact were Food & Beverage, and Sales & Marketing.

The Food and Beverage department at the start of the season encompassed Race Night dining and bars, the Function Centre hospitality offering, and The Alex Bar & Eatery. As a direct response to Covid-19, everything except the Alex Bar & Eatery was effectively put into hibernation. To be clear, this has meant the closing down of those business units as active units, the restructuring and redundancy of all the staff in those units and the mothballing of all plant and equipment accordingly. We were left with little choice in this respect as the Club simply could not carry the costs of these activities without any opportunity to generate revenue. Similarly, our Sales and Marketing team – which drove attendance at Race Night dining and use of the venue as an event space – was also put into hibernation. Again, this meant closing down that unit as an active business unit, restructuring and redundancy for staff members, and the mothballing of IT and support services.

It is important to note that these were extremely challenging decisions for the Board and management, and that the team members we were unable to support during the Covid-19 lockdown period are genuinely professional and successful individuals who we wish the very best for. Their contributions to the organisation remain recognised and valued.

While it is appropriate to note that lock down(s) are now behind us, it is equally important to note that our 'old' business models for Food & Beverage and Sales & Marketing are also behind us. The Club is now exploring a contracting model for limited race night experiences and a potentially limited operational period over the summer season – again supported by a contractor model.

Overall, while the Club has survived the challenges associated with Covid-19 it has done so only by substantial self-examination and re-imagination. The effects of this period will be with us for the entire 2020/21 season and we will need to continue to focus on cost management and revenue opportunity.





**MAURO  
BARSÌ**  
CHIEF EXECUTIVE OFFICER

*Dear Members,*

The 2019/20 season will forever be linked to the Covid-19 pandemic: Our calendar, our revenue, our offering and our developments were all subject to a Covid deficit and a great deal of work was done this year to see us finish the season well.

We are pleased to see the beginning of the end for our Alexandra Park Living development. This work has taken longer than the Club ever expected and has meant we have been focused on development for longer than we would have liked. 2020 should see the end of works – or the great majority of them – and will leave us time and energy for our operations in the year ahead. We will also welcome approximately 250 apartments and 1,000 people as a result of the development into our precinct and we are looking forward to introducing them to Harness Racing and the neighbourhood.

We have also had to manage a series of high-value additional property initiatives - the sale of our adjunct Manukau Road properties (Caltex and Burger King) being the most overt. However, we have also worked out way through expressions of interest in supporting our development alongside Greenlane Road – we expect that this will lead to announcements early in 2021. Additionally, we have worked hard with Auckland Council on the zoning for our Pukekohe track, with a view towards converting it to mixed (retail/commercial and residential) use and then selling the land on acceptable terms. We will continue to work closely with the local Harness community on this and we see a long term purchase and 'fit for purpose' build of a new site further away from the city centre. This will allow us to avoid greater community concerns around the current use as Pukekohe itself becomes more commercial and residential in nature.

The financial position for the primary business of ATC is \$1.2M behind budget, an impressive turnaround given that mid-year had us substantially closed down for Covid-19 related requirements. Final figures for the year ending 31 July 2020 show an operating surplus before non-cash and property items of \$204.6k and after depreciation, amortisation and interest, a loss of \$1.16M. We had budgeted for a loss of \$544.6k.

We address the impact of Covid-19 in a separate section of the Annual Report, but suffice it to say that government support, fast action on behalf of the Board and Management and a review of our operations themselves meant that while the effects of the Covid-19 shut downs were substantial, the Club was able to weather them effectively.

# CEO'S REPORT

A summary of our racing stakes shows the non-premier meeting average for a 9-race programme totalling around \$170,000. Our minimum stake remained at \$15,000. The majority of the racehorses in the north are in that low rated band. During the Covid-19 period we note that stakes were reduced to \$7,000, \$8,500 and \$12,000. Our current stakes policy for the new year is \$12,000, \$14,000 and \$17,000. We, much like the racing industry, are subject to the Code and TAB funding, and so stakes will remain 'subject to funding' and reviewed quarterly.

Once the overall Alexandra Park Living development is completed, we have purchaser settlements and are receiving rental income from retailers, the board will then be in a position to further assess 2020/2021 stake policies.

## GRATITUDE

With Covid-19, extra pressure was put on the Board, Management and the team. I would like to personally thank all the ATC team for their efforts in carrying on business and doing so without missing an opportunity. I would also like to note that not all our operations or our team made it through the Covid period unscathed. I particularly note their absence and the significant sacrifices made by those people in our hard times.

I thank all our owners, trainers, drivers, race night stewards and everyone involved at Alexandra Park. Your time, effort and enthusiasm are very much appreciated – it's what makes this such a great place to be.

In closing, I wish to also express thanks to our board members for their efforts in such a challenging year, especially our President, Rod Croon. Rod was present at the Club on almost a weekly basis as he worked with all the team to get the development across the line.

Finally, going forward, I know the club is now positioned to move forward and build a legacy for its members.



# RACING REPORT



**KAREN  
BLANCHARD**  
RACING DIRECTOR

*As the Racing Director it is my pleasure to share the Auckland Trotting Club racing performance for the past season.*

In late November and early December we hosted the IRT Inter Dominion 2019 Championship alongside the Club's usual Christmas at the Races race nights. The race night events through this period, including New Years Eve, were attended by 8000+ patrons who witnessed some superb racing action.

IRT Inter Dominion Final night was surrounded by the pomp and ceremony that is attached to this Championship and Alexandra Park delivered on all levels. During the evening we ran the finals for the Pacers & Trotters sections as well as 3 other Group races. Ultimate Sniper won the Pacers final and Winterfell took out the Trotters crown with both these horses being trained by Mark Purdon and Natalie Rasmussen.

New Years Eve is also the Club's Family Fun Day and was again another achievement we can be proud of. There was a strong attendance of families enjoying the beautiful weather and a super day of harness racing action with the running of the 2019 Auckland Cup and 4 other Group races. The 2019 Trillian Trust Auckland Cup was won by Self Assured also trained by Purdon and Rasmussen.

To sign out for the 2019 year we can't forget about the fireworks display that completed the day for all to enjoy after dark.

Racing at ATC for 2020 started in mid-January however Covid-19 was making its' presence felt as we headed into early March for two nights of Premier racing at headquarters. Over these two race nights we held 5 Group 1 & 2 races with some spectacular racing highlighted by Amazing Dream winning the Oaks and then backing up to race the boys a week later. This wonderful filly duly beat the boys in the Woodlands Stud Derby taking a Track and National F & M record for a 2700m mobile race of 3.16.2.

Then in early March Covid-19 arrived and as with all our lives it has dramatically affected the racing industry and the outcome of the 2019/20 season.

Two weeks later on March 20 we were racing behind closed doors with the country being slowly shut down to avoid major Covid complications.

March 25 was the day the country went into Alert Level 4 with Racing and training ceasing for the lockdown period. This saw the Club's Autumn Carnival cancelled.

Franklin Park was opened again on Tuesday 27 April for horses to begin training and the path back to the race-tracks with a revised Covid-19 racing calendar put in place for the remainder of the season.

Racing then appeared again at Alexandra Park on June 5th when we started racing with Cambridge week about on Wednesday and Thursday nights through until 29th July. The first three race nights were behind closed doors and then mid-July we were able to open the doors again.

All of the staff here at ATC are looking forward to 2020-21 season and hopefully with it some normality to racing and life in general.



RACING 2019-20

# BUSINESS OVERVIEW

IN A COVID-19 AFFECTED YEAR

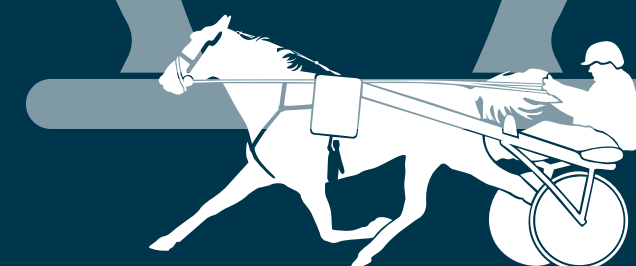
# 30

## MEETINGS



# 275

## RACES RUN



# 2629

## STARTERS



# 24,235

## GUESTS

# \$23.64M

## WAGERING TURNOVER

# \$6.70M

# PRIZE MONEY

# \$14.78M

## EXPORT TURNOVER



OVERALL PERFORMANCE

In the Covid affected 2019/20 season, ATC hosted 30 race nights, with 275 races featuring 2629 starters for an average field size of just under 10 runners.

Zachary Butcher was the most successful driver of the season with 28 wins, while Barry Purdon was awarded the Roy Purdon Trophy for Leading Trainer at AP with 37 wins.

The Junior driver title was taken out by Dylan Ferguson with 6 wins by winning the last race at the last meeting of the season.

The Club returned \$6.70m in prizemoney to the industry participants and saw wagering turnover of \$23.64m at ATC race meetings.

TRACK PERFORMANCE

Through the 2019/20 season we had 15 new track records set by 4 pacers and 8 trotters with 8 of these also being National records.

These records are a testament to the work Track Manager David Cunneen and his team have done for the 30 meetings held at Alexandra Park this past year.

The track records were lowered right through the season with 2 new marks made in the trotting ranks on the last meeting of the year at Alexandra Park.

A complete track surface upgrade was undertaken in September 2019 giving David a new surface to work with for the season and in particular being able to provide a near perfect track for the duration of the Inter Dominion Championship held late last year.

# 2019-2020 WINNERS

## GROUP ONE, TWO & LISTED

IRT ID19  
PACERS FINAL  
**ULTIMATE  
SNIPER**  
\$500,000  
GROUP ONE

IRT ID19  
TROTTERS FINAL  
**WINTERFELL**  
\$150,000  
GROUP TWO

PETER BRECKON MEMORIAL  
CADUCEUS CLUB LADYSHIP  
STAKES  
**AMAZING  
DREAM**  
\$100,000  
GROUP ONE

ROSSLAND'S  
QUEEN OF HEARTS  
**BELLE OF  
MONTANA**  
\$100,000  
GROUP ONE

ALABAR SIRES STAKES  
3YO FILLIES FINAL  
**AMAZING  
DREAM**  
\$150,000  
GROUP ONE

SIMS PACIFIC METALS  
NATIONAL TROT  
**WINTERFELL**  
\$80,000  
GROUP ONE

PGG WRIGHTSON  
YEARLING SALE  
3YO OPEN  
**ONE  
CHANGE**  
\$200,000  
LISTED

TRILLIAN TRUST  
AUCKLAND CUP  
**SELF  
ASSURED**  
\$250,000  
GROUP ONE

ALABAR  
CLASSIC  
**COPY THAT**  
\$50,000  
GROUP TWO

PASCOES THE JEWELERS  
NORTHERN OAKS  
**AMAZING  
DREAM**  
\$125,000  
GROUP ONE

AUCKLAND CO-OP TAXIS  
300-3000 CITY OF  
AUCKLAND FFA  
**GAMBIT**  
\$50,000  
GROUP TWO

BRECKON FARM'S  
YOUNG GUNCARDIGAN  
BAY STAKES  
**KRUG**  
\$100,000  
GROUP ONE

CROMBIE LOCKWOOD  
BLOODSTOCK DELIGHTFUL  
LADY CLASSIC  
**SHE'S NO  
LADY**  
\$80,000  
GROUP TWO

WOODLAND'S STUD  
NORTHERN DERBY  
**AMAZING  
DREAM**  
\$250,000  
GROUP ONE



# TRACK RECORDS

## PACERS

LINE-UP	13/10/19	TRACK	1609M	3YO MOBILE	1.54.4
ULTIMATE SNIPER	29/11/19	TRACK		OPEN MOBILE	2.35.4
AMAZING DREAM	06/03/20	TRACK & NATIONAL OVERALL 3YO (F&M)	2700M	3YO MOBILE	3.16.2
TRIPLE EIGHT	11/10/19	TRACK & NATIONAL (4YO+)	2700M	OPEN STAND	3.17.2

## TROTTERS

EXPENSIVE CRUMPET	13/03/20	TRACK	1609M	STAND	2.07.2
SUNNY GLENNIS	13/09/19	TRACK & NATIONAL (4YO+ MARE)	1609M	OPEN STAND	2.02.1
GAZ MAN	29/07/20	TRACK	2200M	STAND	2.52
PARAMOUNT KING	29/11/19	TRACK & NATIONAL (4YO+)	2200M	OPEN MOBILE	2.40.4
KAY CEE	28/02/20	TRACK	2200M	OPEN STAND	2.46.1
TAILORED ELEGANCE	29/07/20	TRACK	2700M	STAND	3.27.6
WINTERFELL	06/12/19	TRACK & NATIONAL (4YO+)	2700M	OPEN MOBILE	3.20.5
PRETTY MAJESTIC	28/02/20	TRACK & NATIONAL (4YO+ MARE)	2700M	OPEN STAND	3.23.9

## ALEXANDRA PARK PREMIERSHIPS 2019-20

**DYLAN  
FERGUSON**  
*Leading Junior Driver*

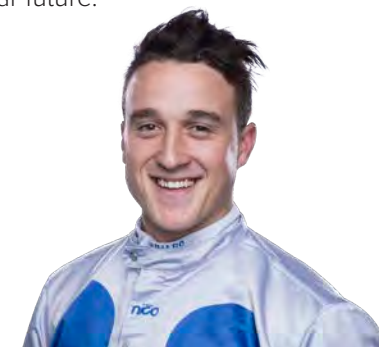


### JUNIOR DRIVERS PREMIERSHIP

*McKendry Trophy*

Dylan had 61 drives at Alexandra Park through the season and ended up with 6 wins 8 seconds and 6 thirds and a UDR of .2040. We congratulate Dylan for this achievement and wish him all the best for when he moves to the Open horsemen ranks in the near future.

**ZAC  
BUTCHER**  
*Leading Driver*



### DRIVERS PREMIERSHIP

*Peter Wolfenden Trophy*

Zachary drove 160 times at Alexandra Park for 28 wins 27 seconds and 15 thirds finishing the season with a UDR of .3000. This UDR means for every 5 drives Zachary has it will be a winner. Congratulations to Zachary on a job well done and long may it continue for the next year.

**BARRY  
PURDON**  
*Leading Trainer*



### TRAINERS PREMIERSHIP

*Roy Purdon Trophy*

Alexandra Park's Top Trainer with 37 wins during the 2019/20 season. This follows on from the previous season where Barry was jointly the winner also on 37 wins. Barry's horses had 159 starts for 37 wins 30 seconds and 17 thirds for a UDR of .3732. Congratulations for another great season from all of us at ATC and we wish you and new training partner Scot Phelan all the best for the coming season.





# IRT ID19 CHAMPIONSHIP

*This year we welcomed the IRT Inter Dominion Championships back to Alexandra Park. Overall, the 'Inter Doms' was a great success for us, for our community and for Harness Racing generally.*

The Inter Dominion Championships, a time-honoured event dating back to 1935, is regarded as one of the world's great harness racing series'. An energy sapping event that challenges pacers and trotters to compete in three heats and a final over a two-week period. This event attracts the very best of harness racing's equine athletes from Australia and New Zealand to compete in the ultimate test of speed and strength, fighting for the right to be crowned champion Inter Dominion Pacer and Trotter.



The event was opened with a cocktail party at the Rydges Hotel in downtown Auckland followed by four nights of quality racing. Heats were held on Friday 29 November, Tuesday 3 December, Friday 6 December, with the final on Saturday 14 December.

We chose nostalgia as the theme of this year's event and the Inter Dominion series has delivered harness racing heroes - both human and equine - for as long as one can remember. In keeping with our theme, we celebrated the achievements of Charlie Hunter (pictured below, right), a true Inter Dominion Legend. He and his wife were hosted for the event and added a valuable reflection on the place it has in the industry.





At the opening ceremony HRA Chairman Michael Taranto presented Charlie with an Inter Dominion Award of Merit. Charlie trained and drove Geffin to win the 1971 Inter Dominion Trotting Final and in 1975 trained the winners of both the pacing and trotting finals, the great Young Quinn who went through the series undefeated and Castleton's Pride to win the Trotters Grand Final. No one has managed to emulate this achievement until this year's 2019 event where Mark Purdon and Natalie Rasmussen won both Grand Finals with Ultimate Sniper and Winterfell.



Equine heroes and past Inter Dominion Champions, I Can Doosit and Elsu were also on course to lead out the grand finalists and a Walk of Fame was created at the main grandstand entrance to set the mood.

All heats attracted strong fields and great racing, and this built to tremendous finals which were won by the punters elect, The Ultimate Sniper (pacing) and Winterfell (trotting). Congratulations go out to all connections and in particular, to Mark Purdon and Natalie Rasmussen who trained both winners.

Also featured at the event was the Best Seat 360 technology. This was a world first and demonstrated 5G technology using 360 degrees cameras mounted on driver's helmets. This enabled viewers using their cell phones to watch racing from within the field. The 360 degree



cameras allowed viewing from the front, behind and beside the driver live on your mobile phone. It is hoped that the use of this technology might be a vehicle to enhance betting on our racing and attract a new generation of punters to our sport.

The Inter Dominion Council congratulated the Auckland Trotting Club on the staging of a very successful event which was measured by exciting racing, increased betting turnover and hospitality numbers that dwarfed the Australian figures from the previous year.

Finally, then, as we reflect on the 'Inter Doms' we see that it has pride of place as an event that showcases the best of us and provides the perfect opportunity to remember, despite the many challenges, that it's these events, these people and these horses that inspire us to do what we do.

**GRATITUDE:**

The club would like to thank the management committee of Karen Blanchard, Kim Walsh, Emma Hennigan, Regan Cotter, Chris Paul and chaired by Jamie MacKinnon for their commitment over the eleven month period it took to put the event together.





7935 GUESTS

3.94M  
EXPORT  
TURNOVER

1.8M  
PRIZE MONEY

DOMESTIC  
TURNOVER  
\$5.65M



ELEVEN  
AUSTRALIAN HORSES

44 RACES



450 STARTERS

# CHAMPIONSHIP OVERVIEW



IRT

ID19  
INTER DOMINION  
AUCKLAND



# SPONSORSHIP & FRANKLIN PARK



## SPONSORSHIP

The past racing season saw a significant win for the Auckland Trotting Club, with hosting the successful IRT 2019 Inter- Dominion Championship late last year.

Then in March 2020, Covid-19 arrived and it severely impacted the racing season including sponsorship revenue for the past year.

However, through it all the financial contribution from our valued sponsors and corporate partners has had a vital role to play in the ongoing support of the club.

## GRATITUDE

Special mention to the team at IRT who sponsored the Inter Dominions. They were a pleasure to work alongside in making this event such a special one in the club's history and one that we can be proud of.

We are also very appreciative of all the other companies who sponsor, support and attend race night events throughout each racing season. No matter how big or small your involvement we thank you for your participation and enjoy the relationships we have that ensure our club's continued growth. You are all an important component of what makes the Auckland Trotting Club one of the Premier racing club's in New Zealand of any code. We thank and acknowledge all of you who contributed to the 2019/20 season.

## THANK YOU TO OUR SPONSORS

- |                                 |                                |  |                                 |
|---------------------------------|--------------------------------|--|---------------------------------|
| • Alabar (NZ) Ltd               | • Fresher Foods                | • McGregor Bailey Chartered Accountants      | • Sims Pacific Metals           |
| • Animal Livestock Services     | • Garrards Horse and Hound     | • McMillan Equine Feeds                      | • Smith and Partners Lawyers    |
| • Auckland Co-op Taxis 300-3000 | • GH Healthcare                | • McMurty Farms                              | • Southern Bred Southern Reared |
| • Belmont Linen Hire            | • Grand Harbour Restaurant     | • Metal Craft                                | • Southeys Group                |
| • Bonecrusher Promotions        | • Grand Park Restaurant        | • Mico Design                                | • Textile Products              |
| • Breckon Farms                 | • Grove Mega Mitre 10          | • Nevele R Stud                              | • Thai Airways                  |
| • Brightshine Blind & Shutters  | • Haras des Trotteurs          | • New Zealand Bloodstock Standardbreds       | • Thames HRC                    |
| • Caduceus Club                 | • Horselands Marketing         | • North Island Standard Breeders Association | • Torque Digital                |
| • Camelspace                    | • HR Fiskens & Sons Ltd        | • NRM  | • Trillian Trust                |
| • Coca Cola                     | • HRNZ                         | • NZ Staff                                   | • Ultra Interiors               |
| • Coffex.co.nz                  | • Hydroflow Distributors       | • Olympic Swiss Watches                      | • United Cleaning Services      |
| • Crombie Lockwood              | • Image Interiors              | • Pak'n Save Clendon                         | • Woodlands Stud                |
| • Crombie Lockwood Bloodstock   | • International Animal Health  | • Pascoes The Jewellers                      |                                 |
| • Dawson Harford Limited        | • IRT                          | • Pernod Ricard                              |                                 |
| • Donald Napier Ltd             | • Jacobsen Headstones          | • PGG Wrightson                              |                                 |
| • Dunstan Horse Feeds           | • Laura Ferguson Trust         | • Pipe and Infrastructure                    |                                 |
| • Dynamic Supplies              | • Lincoln Farms                | • Primor Produce                             |                                 |
| • Endless Metals                | • Lion Nathan                  | • Rodewald Consulting                        |                                 |
| • Fisher & Paykel               | • Magness Benrow               | • Rosslands Stud                             |                                 |
| • Franklin Long Roofing         | • Majestic Horse Floats        | • SHARE Group                                |                                 |
|                                 | • Marconee Seafoods            |  |                                 |
|                                 | • Matamata Veterinary Services |  |                                 |

## FRANKLIN PARK TRAINING CENTRE

Franklin Park Training Centre is a significant part of the Auckland Trotting Club operation and its role as the Premier Harness racetrack in the North Island. The 96 acre complex has three training tracks which allow 200+ horses to be trained there each day with approximately 110 of these housed on site in one of the ATC barns.

For the 2019/20 season Covid-19 changed the operation of Franklin Park dramatically as it was shutdown for the lockdown period of 25 March until 27 April when opening again under Level 3.

## GRATITUDE

Thank you to Track Manager Graham Bayley and his team who are dedicated in their preparation of the three tracks, and ensure the best possible surfaces for the horses to work on each day. This past season presented the challenge of Covid and the return to work of 200+ horses, keeping them and their drivers safe as all horses trained for their comeback to the races.

A big thank you to the volunteers and staff that contribute to the weekly workouts and trials, with an average of at least 40 horses in attendance most weeks. This past season there has been a mixture of Friday's and Saturday's after the revised Covid racing calendar since April.





**JOHN  
FARRIER**  
PROPERTY MANAGER

2020-Alexandra Park provides a diverse combination of uses with the track as the central underlying and unifying element. This presents a unique set of circumstances and challenges where revenue contribution is a critical factor. Property generated \$2.19M in revenue, marginally down on the year prior. Revenue is achieved through tenancy rentals and parking, both annual lease and show receipts.

The Property Team comprises a tight group with a variety of responsibilities. David Cunneen confirmed capability as Track Manager following re-surfacing of the track prior to the InterDominion Series with 8 national records and 15 track records to his credit over the past twelve months. Adherence to maintenance protocols, grading skill and independent responsibility without interference are key contributors to this performance. NZ Racing Safety Development grant for stockpile of shell following

closure of the supply quarry in April is gratefully acknowledged.

Soft landscaping is maintained to consistent high standard due solely to work ethic and commitment shown by Stewart Ashworth. Hardstanding surfaces are a different matter impacted by constant flow of heavy construction vehicles, deliveries and uncontrolled subcontractor movement. Hard surfaces will be remediated by the main contractor on completion of building works.

Parking has been an ongoing challenge with need to facilitate contractor demand in climate of indifference shown to Function Centre requirements. Return of Brian Quinn as Parking Manager three days before the 2019 Home Show introduced structure and welcome understanding of expectations. Unfortunately Covid-19

has had negative impact on parking earnings with the ASB Showgrounds closed. Options are under review to ensure parking is available to meet the needs of existing users under various development outcomes.

Establishment of the infield video screen was a welcome game changer with generous funding from the Racing Industry Transitional Agency. Reliability of the iconic outfield indicator had been in question for some time with transformer issue and incandescent bulbs manufactured to order in China. The infield structure was constructed and video screen installed in time for preliminary heats of the InterDominion Series.

Deferred maintenance remains a concern with inevitable focus on condition and future of the Epsom Stand.

#### GRATITUDE

Thanks are extended to the house-keeping, security, maintenance, grounds, track and parking teams in working through a challenging period to deliver our product.

# PROPERTY REPORT





# PROPERTY DEVELOPMENT





**MARK  
ALLAN**  
PROPERTY DEVELOPMENT DIRECTOR

*During 2019/20, we continued with the execution of our long term business growth and development strategy across the three priority areas within the Property Portfolio.*

However, we like the whole of NZ have had to respond to the unprecedented events that have impacted our business.

Covid-19 related economic, social and business trading interruptions and restrictions have required serious and ongoing operational adaptation along with material cost increases being incurred. The portfolio has responded in the following ways:

1. Expanding the life of the existing asset. Along with the usual targeted investments in plant and equipment where required, a specific program to address/recover some of the deferred maintenance backlogs was initiated early 2019. The ongoing stop-start/open-close Covid environment along with the urgent need to resize facilities has been challenging. Costs of maintaining and protecting “on standby” key infrastructure are significant. The property and facilities teams have responded well and adopted to the “new normal” demonstrating a flexible and agile approach.
2. Master Development Plan refinement and streamlining activities continue to focus on incorporating or enabling planning and consent changes that provide for improvement around options for the longer term development pathway or roadmap.

As discussed in the President’s report, expressions of interest in the three remaining titles on Greenlane West (with mixed-use zoning and maximum site coverage) are received from a range of parties.

3. A range of development models are open to the club to pursue in the future.  
  
Negotiations to complete the sale of the Manukau Road properties are now at an advanced stage with only legal matters remaining to be resolved.
4. Alexandra Park Living (APL) – 223 Greenlane West. The completion of construction works to enable the

earliest possible settlement and then occupation of APL remained our highest priority along with letting the remaining Retail tenancies on the ground floor of the developments and completing the fitouts for those already signed up.

Covid disruptions and ongoing trading restrictions have created extreme challenges for our food and beverage retailers in particular. ATC has worked intensively with all of our customers to help them complete their fitouts and launch their businesses under a Certificate of Public Use (CPU) which provides for trading to take place prior to the overall development attaining Practical Completion (PC).

#### **Development Construction Operations**

The Challenging economic environment of business during 2019 has continued to impact the property development overall.

Competition for skilled resources, cost increase pressures along with escalating compliance requirements have all contributed to completion delays, and these in turn, have been impacted by the Covid shutdown and subsequent Level 3 then 2 operational requirements.

#### **Building A**

In late January 2020, CMP approached ATC’s Engineer requesting a further Extension of Time (EOT) to the existing 30th April 2020 completion date. The negotiations were then overtaken by the Covid-19 shutdown, Level 4.

The combined effect of these situations then produced an agreement around an amended PC date of 30th September 2020.

*\*Since the end of July, further Covid impacts in the supply chain and related disruptions have seen the PC date extended to 17th November 2020.*

#### **Building B**

Ganellen Construction has made repeated requests for EOT’s to the Engineer.

The 28 February 2020 PC date reported last year was amended early in the new year to April 2020 and subsequently impacted by Covid shutdown and transitions to Level 3 and Level 2. Ganellen was granted an EOT to 15th July 2020 as a consequence of Covid and related disruptions.

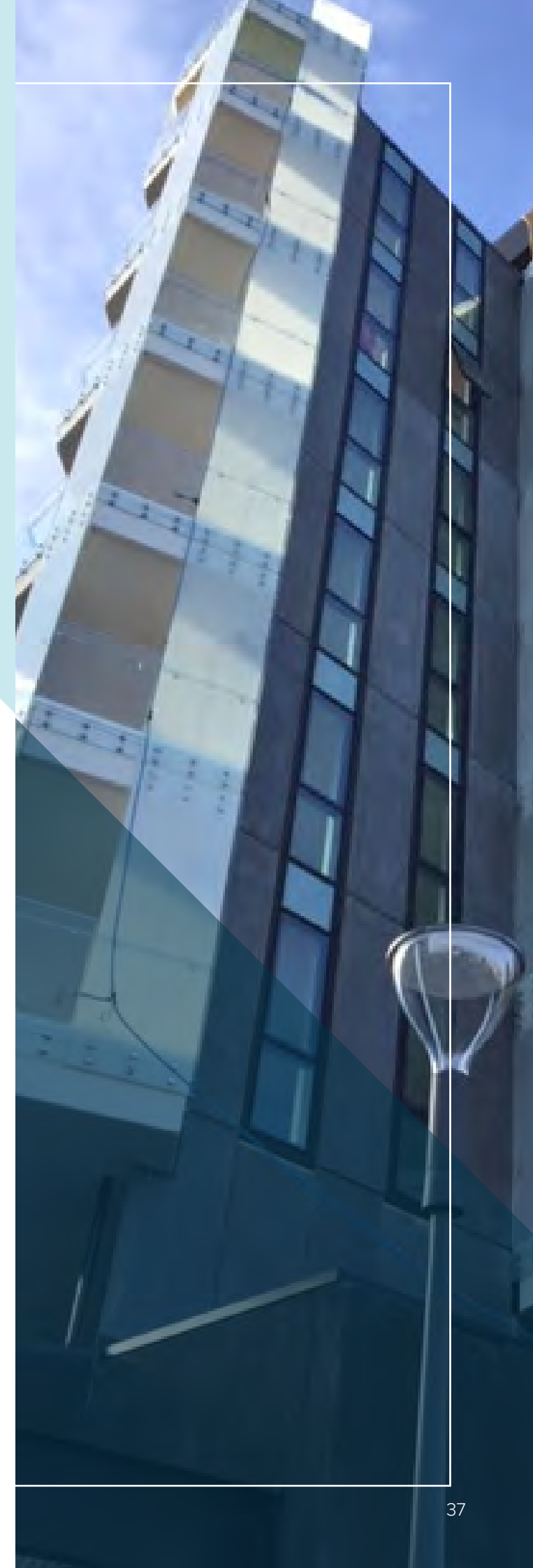
*\*Ganellen as at the end of July has missed PC and was still attempting to achieve PC with no further EOT’s approved.*

#### **Retail Leasing**

LoneStar, Joe’s Garage, Five Star Nails and Physio Connect have completed their fitouts and are trading under CPU’s.

Commencement of the Japanese Restaurant fitout is expected soon. Madam Woo’s lease is the subject of delay negotiations.

Expressions of interest from a Dental services provider and Real Estate company are being progressed.







# A PLIVING SHOWCASE



# 2019-2020 MEMBERS

LIFE MEMBERS

J	ABERNETHY	2013	K D	BRECKON	2014	C	CONWELL	2013	L D	DONALDSON	2018	K J	FOLEY	2011	J W	HALL	1989
P	ABERNETHY	2007	A K	BRECKON	2012	P M	COOK	1986	D I	DONALDSON	2018	W	FOLEY	1986	S	HALLIGAN	2018
T C	ALCOCK	1980	G P	BRECKON	2012	O M	COOK	2019	P	DONOVAN	2020	J P W	FORBES	1993	R E	HAMLEY	2003
J D	ALEXANDER	2004	G K	BRECKON	1969	A J	COOPER	2013	G R	DORMER	1989	M	FORD	1984	V	HANNA	2010
L	ALLEN	2016	KG	BRECKON	1995	M T	CORBOY	2014	A	DORMER	2011	G E	FOSTER	1996	P V	HANSEN	1985
G M	ANDREW	1976	J O	BRENAN	2017	PM	CORNER	1992	GC	DOUGHTY	1995	D K	FRENCH	1987	GW	HARDING	1991
D L	ARCHER	1972	R A	BRIDGFORD	1976	S J	CORNWALL	1998	W	DOUGHTY	1995	A S	GAIN	2010	C J	HARRIS	2007
B J	ARCHER	2014	A	BRIERLEY	2011	L O	COZENS	1976	K F	DOW	2017	A R	GALBRAITH	1964	H	HARRIS	1969
P G	ARGUS	2015	N V	BROWN	1997	N	CRADDOCK	1965	J R	DOW	2009	C D	GALLAGHER	1972	B	HARRISON	1954
S P	ARNET	2006	J P	BROWNLEE	1989	H J	CRAIG	1984	A B	DOWNEY	1973	T G	GARELJA	1979	K	HARRISON	1963
GK	ASHBY	1973	J S	BRYANT	2008	P A	CRONIN	2017	R C	DOWNEY	2014	W J	GIANOTTI	1985	J B	HART	1989
D R	AUGUSTINE	2012	P C	BULT	1985	K T	CROOKE	1977	L C	DRIVER	1988	N P	GIBBONS	1972	P J	HASLAM	1981
P G	BAILLIE	1987	P C	BURLEY	1973	G M	CROOKES	2016	MJ	DUDLEY	1988	N H	GIBBONS	1970	G A	HEASLIP	2004
NN	BAKER	1981	B	BURTON DEW	2013	R S	CROON	2002	P	DUNELL	2006	M K	GLENN	1965	M P	HECK	2005
G S	BAKER	1995	P	BUTCHER	2017	JP	CROUTH	1989	M D	DUNFORD	2010	M J	GOLDSWORTHY	1991	B A	HEDGER	1989
M F	BALLE	1982	J	BUTCHER	2017	N M	CULPAN	1972	D M	DUNFORD	2007	D V	GOLDSWORTHY	1998	J	HEIGHWAY	1969
D M	BALLE	2017	IE	CALDERWOOD	1984	G P	CURACH	1981	I L	DUNN	1987	MF	GOLDSWORTHY	1991	G R	HENLEY	1994
R	BALLE	1997	H	CALLAGHER	2019	P F	CURRAN	2019	R J	DUNN	2017	N R	GORDON	1998	A G	HERLIHY	1995
C L	BALLE	2017	D	CAMPBELL	2017	P G	CURSON	1999	P W	EAGLES	1963	A	GORYL	1989	S	HERLIHY	1995
KR	BALLE	1984	SJ	CAMPBELL	1964	J D	CURTIN	1988	R B	EAST	2015	T	GRANT	2019	I M	HERON	2003
C	BANTON	1996	R J	CAMPION	2012	W P	DALZIEL	1981	C R	EDMONDS	2018	R J	GRAY	1976	B D	HEWES	1990
K J	BARNES	1980	T M	CARGILL	2003	L	DARBY	2016	PJ	EDMUNDS	1979	A S	GRAYLING	2006	J D	HICKEY	1979
RC	BARNES	1981	R G	CARR	1984	G	DATSON	2008	E J	EDWARDS	2006	B R	GREEN	1983	R	HIGH	1998
C	BARRADALE	1980	M R	CARTER	2014	K	DAVIDSON	1984	E G	ELFLEET	2013	M E	GREEN	1984	B R	HOBMAN	1983
J O	BARRETT	1993	B K	CARTER	1995	J B	DAVIES	2015	E	EMERSON	2020	P C	GREEN	2014	M J	HODGKINS	1994
P R	BARRY	1967	R W	CARTER	1984	E E	DAVIES	2018	C W	ERB	2016	P	GREEN	2017	M J V	HOGGARD	2013
E J	BAX	1984	GV	CASTLES	1985	TA	DAVIS	2004	A F C	EUSTACE	2012	T A	GREEN	1967	S	HOLLOWAY	1985
M	BENNETT	2020	J R	CHARLESWORTH	1975	S	DAVISON	2017	J G	EVANS	1979	C	GREGORY	2017	L R	HOOPER	1968
L	BERTAUT	2004	P	CHARLTON	2008	B L	DAVISON	1998	R H	EWINGTON	2015	MST. O	GREGORY	2017	W R	HOPE	2010
RS	BEST	2009	S K H	CHIA	2000	C O	DE JONGH	2018	H A R	EYRE	1984	A R	GRIERSON	1996	B R	HORNBLOW	1964
I C	BESWICK	2010	LG	CHRISTENSEN	1990	D	DE SILVA	2018	D C	FAIRLIE	2009	S R	GRIFFITHS	1969	M	HOYLE	1982
A G	BILISH	1979	S	CHURCHES	2010	A	DEAN	2013	R	FAMULARO	1999	L A	GRIMMOND-REICHEL	1977	W C	HOYTE	1969
N R	BILLINGTON	2009	P	CLARK	2014	G	DELL	1956	B	FARRELL	2009	W P	GUBB	2004	BJ	HUGHES	1977
J M	BOLAND	1982	G W	COLE	1992	AP	DELL'ISOLA	1979	M W	FEEK	1987	H J	HABRAKEN	1983	B	HUGHES	2006
R	BOLTON	2010	M C	COLE	2013	R	DEMPSEY	2002	K	FERGUSON	1970	B P	HACKETT	2008	G	HULST	2009
	BOSCH	1997	J H	COLE	2014	D R	DENNING	1968	M R	FILE	1989	S	HADDAD	2017	R L	HUNT	2017
IG	BOYD	1992	J A	COLLINS	2008	J R	DIAS	2017	S	FISSENDEN	2016	K G	HADDOCK	1962	F	HUNTER	2017
GWS	BOYD	1998	C D	COLSON	2004	R C	DICKIE	2009	S J K	FLAY	2011	B J	HADLEY	2018	M B	HUNTER	1995
	BRADLEY	2019	F M	COMMONS	1962	C	DICKIE	2014	G E	FLEETWOOD	1989	S A	HADLOW	1996	D	INGOE	2020
T	BRADY	2012	D	CONROY	1953	A M	DIVICH	1969	K G	FLYNN	1977	P	HAILES	2012	B A	IRONMONGER	1992



# 2019-2020 MEMBERS

LIFE MEMBERS

L	IRWIN-PARSONS	2005	M D	LEE	2004	D A	MATUSCHKA	2013	K I	MORRIS	2005	L D	PETTIFER	1975	R G	SADLER	1983
B	JAMES	2010	M J	LESLIE	1968	T G	MAXWELL	1990	P R	MORRON	1993	S D T	PHELAN	2019	J F	SADLER	1997
C	JEFFERIES	1976	P J	LEWIS	2019	P J	MAY	2013	GG	MRKUSICH	1990	S B	PHILLIPS	1972	MF	SAMPSON	1993
B	JELICICH	2017	G	LIEFTING	2017	R G	MCAULEY	1993	Z D	MRKUSICH	1953	JS	PHILPOTT	1985	A	SCHATZDORFER	2018
D N	JENKINS	2006	W	LIGHTBOURNE	2014	R J H	MCCARTHY	2009	P J	MULLINS	2018	R W	PILKINGTON	2018	C	SCHNEIDER	2017
R C	JOHNSON	1987	B Y	LIM	1994	D M	MCCASLIN	2013	I	MUNRO	2017	B J	PLANT	2005	WH	SCOLTOCK	1966
B	JOHNSON	1985		LINDSAY	2019	G J	MCCLINTOCK	1985	C H	MURRAY	1988	S R	PLANT	2005	J S	SCOTT	1986
G A	JOHNSON	2014	JS	LIPA	1977	B M	MCDONALD	2000	P W	MUSSON	1965	K M	POLLOCK	2017	A	SCOTT	2017
C	JOHNSON	2013	S	LITTLE	2017	B J	MCGEACHIE	2016	G C	MYLES	1984	R F	POWELL	1980	B J	SCOTT	1965
M	JOHNSON	2013	M	LITTLE	2017	R	MCGLYNN	2015	A R	NADEN	2016	A M	POWELL	2018	T C	SCREEN	2015
T	JOHNSON	2013	M D J	LITTLE	2018	D H	MCILRAITH	1986	A G	NADEN	1968	A	PRATT	2007	J A	SCREEN	2015
J J	JONES	1989	M B	LLOYD	1978	A J	MCINTOSH	1969	D T	NEAL	2011	K	PURDON	2014	P S	SCREEN	2003
G	JONES	2019	N	LLOYD	2017	V C	MCISAAC	1969	B W	NEBEN	2003	B	PURDON	2001	H D	SEFONTE	2017
P R	JONES	1967	J	LOCHEAD	2018	K D	MCKAY	2011	B	NEEDHAM	2006	R C	PURDON	1984	MJ	SELWYN	1964
L C	JURY	1989	G F	LOGAN	2010	J	MCKEARNEY	2000	K F	NEVILLE	1997	L K	PYE	1976	G	SHAND	2005
G J	KEEGAN	1975	P M	LOGAN	2019	M	MCKENDRY	2001	M	NG	1997	R J	PYKE	2001	R B	SHAW	2013
G W	KELLY	1984	E J	LONG	1991	K J	MCKERROW	1985	A H	NICOLSON	1981	T A	QUINN	1977	CAM.	SHAW	2013
P C	KELLY	2017	J A	LOOMB	1968	A N	MCLELLAN	1998	M J	NIEPER	1972	G J	RACK	2001	C	SHAW	2013
R B	KENNEDY	1988	J B	LOVEDAY	2005	M	MCLEOD	2013	JV	NIGRO	1984		RASMUSSEN	2019	ET	SHAW	1988
R L	KENNEDY	2007	R G	LOVETT	2005	K	MCLEOD	2013	G J	NOAKES	2016	G L	READ	2015	IG	SHAW	1988
J	KENNEDY	1964	P	LOWTHER	1980	B D	MCMATH	1987	M R	NOTMAN	1984	MR	REEVE	1993	G D	SHEARING	1992
P G	KENNY	2018	LS	LUM	1969	G W	MCMURTRIE	1986	S G	O'CONNOR	2019	T	REID	2016	C	SHEEHAN	2017
A R	KERR	2012	R J	LYNCH	1989	J I	MCRAE	1972	H G	O'DONNELL	1979	J	REYNOLDS	2001	D T	SHEEHAN	2017
G R	KERR	1967	W K	MABEY	1992	J H	MCRAE	1972	A	O'SULLIVAN	2020	M A	RINGROSE	2002	S H	SHEW	1965
T	KETTLE	2015	D S	MACDONALD	1983	A S	MEADOWS	1978	M	OAKLEY	2020	R A	RITCHIE	2012	HJ	SHIU	1997
B	KILGOUR	2008	C	MACKIE	1998	B	MEALE	1980	W	OLIVER	1968	GI	ROBERTSON	1976	D E	SHORTER	1980
P	KIRK	2016	J A	MACKINNON	1989	D	MEDCALFE	1981	L J	OUGHTON	1975	G D	ROBERTSON	1967	D J	SHORTER	2004
D G	KIRKBRIDE	1975	O	MACKINNON	2012	F D	MENDE	1998	F	OUGHTON	2014	M	ROBERTSON	1964	L	SHORTT	2015
D B	KLAASSEN	2017	J	MACKINNON	2012	N J	MEREDITH	1981	S V	OUGHTON	2017	W A	ROBINSON	1997	R B	SILCOCK	2020
AJ	KNOX	1994	C	MACKINNON	2012	IAN	MIDDLETON	2015	S W	OUTTRIM	1988	PA	ROBINSON	1982	C R	SIMICH	1973
D	KNOX	2015	R J	MAGNESS	1968	J	MILLAR	1980	W H	OUTTRIM	1984	G A	ROBINSON	1967	A	SINGH	2020
S	KNOX	2015	J F	MAHER	1985	I A	MILLER	2006	D	PALMER	2018	M	ROGERS	1979	R J	SISSONS	1999
H R	KOEFOED	1983	D	MAKAN	2003	GD	MILLIER	1999	AJ	PARKER	1984	J	ROGERS	2019	C D S	SIXTON	1994
S A	KUSABS	2012	D A	MANN	1969	B K	MILWARD	2015	P R A	PARKER	2014		ROGERS	2019	D H	SIXTON	1990
P J	LAHOOD	1989	K D	MARR	1990	J A	MOFFIT	1962	A R	PARKINSON	1998	G A	ROGERSON	2009	M B	SKINNER	1977
C C	LANDON	1974	G P	MARTINOVICH	1990	J	MOHANAKRISHNAN	2011	L A	PARRIS	2004	J G	ROSS	1992	K D	SKINNER	1977
P R	LASCELLES	1985	G P	MASON	2009	C	MONTAGNA	2019	R	PATON	1999	G F	ROUSE	1965	D H	SLATER	2018
D	LATIMER	2013	A G	MASON	2011	T	MOORE	1988	K G	PAUL	1960	CM	ROWE	1995	DJ	SMITH	1989
S D	LEAN	2017	S H	MATHEWS	2009	F R	MOORE	2007	G N	PEART	2017	C	RUPP	2005	C	SMITH	2012
B	LEE	2013	SA	MATTHEWS	1983	D G	MOORE	2003	W R	PENGELLY	1966	G A	RYAN	2012	M	SMITH	2019



# 2019-2020 MEMBERS

LIFE MEMBERS

P W	SMITH	1996	W J	VALENTINE	2015	M G	WRIGLEY	1977
P H B	SMITH	1995	L A	VALENTINE	2015	J	YARDLEY	1994
D J	SMITH	1999	M	VEACOCK	2018	LM	YEE	1986
R M	SOUTHEY	1983	W G	VERRENKAMP	2011	RC	YEE	1965
B	SPARROW	1980	S	VIDOVICH	1985	V S	YEE	1965
E	ST JOHN	2016	T R	VINCE	2017	K T L	YONG	1997
J F	STEINER	1989	P J	WACKROW	2004	R	YOUNG	1984
I E	STEWART	2004	R	WAIDE	1979	K Q	YOUNG	2003
R I J	STEWART	1975	T N	WALKER	1977	D H	YOUNG	2013
G	STOCKMAN	1994	D	WALKER	2015	RL	ZALOUM	1969
S J	STOCKMAN	1981	D	WAPP	2007			
EC	STORCK	1992	A	WAPP	2007			
C E	STRAWBRIDGE	2006	K	WARNEFORD	2008			
L	STREET	2017	P	WARNOCK	1960			
J F	STREET	1984	S W	WATERS	1975			
C	STUART	2005	R J	WATT	1969			
T E	STUCKEY	2010	L E	WATTS	2017			
M A	SUMICH	1984	D W	WATTS	2017			
G	SYKES	1973	J A K	WAYMOUTH	2018			
M G	TANSLEY	1976	L J	WEAVER	2015			
S P	TAPPER	1984	J D	WEBSTER	2010			
B H	TARRY	1986	P V	WELLS	2011			
B E	TAYLOR	1977	M R	WERNER	2009			
D	TAYLOR	2013	R J	WETHERILL	1990			
A	TAYLOR	2016	M J	WETHERILL	1975			
J	TAYLOR	2016	G A	WHARFE	1998			
B N	TAYLOR	2005	B	WHITE	2017			
J	TAYLOR	2005	D	WHITE	2017			
T	TAYLOR	2010	BR	WHITING	1985			
GR	THOMAS	1989	O R	WHYTE	2007			
S	THOMPSON	2013	W G	WHYTE	2003			
N R	TILSLEY	2017	G	WILLIAMS	2013			
F	TONG	1982	M R	WILLIAMS	1970			
G F	TOOMAN	1972	B J	WILLIAMSON	1984			
F	TRAPSKI	2011	A L	WILLY	1967			
M	TREADWAY	1988	J R	WILSON	1984			
R	TREVENEN	1995	W L	WILSON	2013			
V	TRILLO	1976	L M	WILSON	2018			
P	TURNER	2017	K A	WOOLLAMS	1968			
D M	TURNER	1995	G M	WOOLSTON	1991			







# FINANCE





**DAVID  
FOLEY**  
CORPORATE SERVICE MANAGER

The resignation the CFO in late October 2019 provided the catalyst to review the structure and operations of the administration and support services provided to the organisation. As an outcome of this review, we restructured our Finance, Health and Safety, IT and HR functions into one new Corporate Services team. This has allowed us to remove management and staffing costs, while freeing budget to provide access to experts/contractors as and when required.

The current year has been a challenging one, with the impact of Covid-19 making a material impact on our Club and business.

Covid-19 saw two 'lock down' periods during the financial year and both these periods negatively impacted our major operations – racing, race night dining, functions and events, the TAB, Gaming, and the Alex. Significant restructuring and cost management, along with continued support from our banking partner enabled the club to weather this period.

Additionally, our financial position with respect to our developments also experienced Covid-19 and non-Covid-19 related setbacks. These setbacks have been closely managed and contained. The Club remains confident that the majority of the developments will be completed by the end of the calendar year.

I provide below an update on a selection of our key departments and further detail on the main adjustments in the financial statements.

#### OPERATIONS & ADMINISTRATION

Our operations and administration departments consist of the following support services - Management, Human Resources, Finance, Information Technology and Health & Safety. These functions – bar management – have now been grouped into one business unit. This has seen the creation of a new leadership role, the Corporate Services Manager.

The bulk of our non-direct costs are held in these business units as we do not internally re-allocate them to our trading business units. Utility costs, rates, insurance, technology, repairs, maintenance, membership, audit, legal, valuation costs, other professional fees and the labour costs associated with these departments are all similarly held in this area.

These costs are challenged and tenders are run for larger commitments to ensure the most efficient outcome from the market. Council rates on our properties remain outside our control and make up a large proportion of spend on an annual basis.

#### GAMING & TAB

Our gaming room continues to perform well – when unaffected by Covid 19 – and we remain committed to providing a safe and secure form of entertainment for our patrons. Gaming staff are trained to identify and approach people that may evidence signs of problem gambling and then steps are taken to deal with these issues in a proactive but sensitive manner.

Gaming revenues remained relatively consistent year on year with only a slight reduction overall year on year. Enhancing this position safely requires ongoing investment in the latest game technology and during the year the purchase of new machines included the addition of machines in the Aristocrat "Dragon Cash" product, all of which are performing strongly. Patrons in this space continue to respond to new product and ongoing upgrades are required to remain relevant.

The TAB also performed strongly under the guidance of Graham Payne (TAB Manager), although it also experienced a decline in revenue as a result of Covid-19.

The team in the TAB work on a customer first philosophy, ensuring everyone is greeted on entry and made to feel comfortable throughout their experience with us.

#### PROPERTY ADJUSTMENTS

The key adjustment in the audited financial statements for 2020 is the \$25m impairment of inventory under construction. This brings the total impairment of inventory under construction to \$91m to date. It should be noted that this adjustment is a book entry for accounting purposes and should not be compared with the projected net debt position.

The impairment must factor in cost of land held on the balance sheet which was owned but not purchased, and an adjustment to apportion out the total spend on the retail units i.e. cost to build. This cost to build on the retail will be the base off which any future market valuations are adjusted from.

In calculating the impairment an estimate of future exposure and an allowance for contingency was included to determine the total potential exposure. The adjustment has naturally caused a decline in net assets which have dropped from \$125m to \$111m, however over the past 5 years the business is still reflecting strong asset growth.

Net debt at completion of the development is the more relevant consideration for the Club. Current projections using the same set of assumptions in booking the impairment would likely see this position amounting to approximately \$89m post settlement of the apartments.

The movement in this figure comes from a range of factors primarily associated with the ongoing increase in remediation works required on the building A site, and with delays to the project overall in the fiscal year including the impact of Covid-19.

#### LOOKING AHEAD

The key focus post completion of the building projects will be to address our net debt position and find mechanisms for reducing and servicing these loans. The sale of the Manukau Road properties currently under negotiation is the first step to achieving this and other options will also be considered by the Board. The rents from the under-construction retail property will provide a mechanism for servicing a debt position while these other options are considered.

We note that there are opportunities ahead to sell Greenlane West frontage land in a manner that can realise funding for debt management, while at the same time promote a relatively risk-free revitalization project for the Club precinct.

#### GRATITUDE

I wish to recognise the efforts of all our support staff through the year, these roles are often the least visible externally but nonetheless provide an integral service to the business and ensure smooth operations. To our Gaming and TAB staff keep up the good work and well done on a successful year in trying circumstances.

Also, a big thank you to our external advisors that support us, namely RSM Hayes Audit, CBRE Limited and Marsh & Irwin for our property valuations and Crombie Lockwood as the Clubs primary insurance broker.





**CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE**  
for the year ended 31 July 2020

	NOTE	2020	2019
<b>REVENUE</b>		\$	\$
<b>Revenue - Exchange</b>			
Racing Revenue	3	7,142,183	9,614,861
Trading Revenue	4	8,962,570	10,856,691
Property Rental Revenue	5	2,192,293	2,520,625
Interest Revenue		597	6,471
Other Revenue	6	385,581	48,594
<b>Revenue - Non-Exchange</b>			
Racing Revenue	3	185,000	285,000
Other Revenue	6	453,321	32,538
<b>TOTAL REVENUE</b>		<b>19,321,545</b>	<b>23,364,780</b>
<b>EXPENDITURE</b>			
Racing Expenditure	3	7,570,898	9,647,588
Trading Expenditure	4	6,220,192	7,603,024
Property Rental Expenditure	5	128,586	238,199
Interest Expense		161,128	208,921
Operations and Administration	7	5,036,108	4,942,022
<b>TOTAL EXPENDITURE</b>		<b>19,116,912</b>	<b>22,639,754</b>
<b>OPERATING SURPLUS BEFORE NON CASH &amp; PROPERTY ITEMS</b>		<b>204,633</b>	<b>725,026</b>
Amortisation Expense	20	(44,912)	(57,642)
Depreciation Expense	21	(1,316,107)	(1,355,469)
Gains (Losses) on Disposal		(3,994)	(16,308)
Provisions for Impairment	15	-	-
<b>OPERATING SURPLUS BEFORE PROPERTY ITEMS</b>		<b>(1,160,380)</b>	<b>(704,393)</b>
Fair Value Movement on Investment Property	22	5,942,937	(1,625,000)
Construction Bond Recovered		-	3,000,000
Settlement Proceeds	26	1,805,201	-
Impairment of Inventory Under Construction	25	(25,073,534)	(66,148,143)
Development Costs Expensed	26	(5,741,253)	(1,255,855)
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>		<b>(24,227,029)</b>	<b>(66,733,391)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain on Revaluation of Land	21	9,617,000	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>\$(14,610,029)</b>	<b>\$(66,733,391)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

	NOTE	Revaluation Surplus Reserve	Retained Total Earnings	Total Net Assets
For the year ended 31 July 2020		\$	\$	\$
<b>OPENING EQUITY</b>		104,329,080	21,511,545	125,840,625
Net Surplus (Deficit) for the year		-	(24,227,029)	(24,227,029)
Gain on Revaluation of Land	21	9,617,000	-	9,617,000
<b>CLOSING EQUITY</b>		<b>\$113,946,080</b>	<b>\$(2,715,484)</b>	<b>\$111,230,596</b>
For the year ended 31 July 2019		\$	\$	\$
<b>OPENING EQUITY</b>		104,329,080	88,244,936	192,574,016
Net Surplus (Deficit) for the year		-	(66,733,391)	(66,733,391)
Gain on Revaluation of Land	21	-	-	-
<b>CLOSING EQUITY</b>		<b>\$104,329,080</b>	<b>\$21,511,545</b>	<b>\$125,840,625</b>

**CONSOLIDATED BALANCE SHEET**  
for the year ended 31 July 2020

	NOTE	2020	2019
		\$	\$
<b>EQUITY</b>			
Accumulated Funds		(2,715,484)	21,511,545
Revaluation Surplus Reserve	10	113,946,080	104,329,080
<b>TOTAL EQUITY</b>		<b>\$111,230,596</b>	<b>\$125,840,625</b>
<i>Represented by:</i>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	13,19	856,862	2,314,003
Inventories		109,899	182,818
Trade and Other Receivables	15,19	2,212,528	2,207,072
<b>TOTAL CURRENT ASSETS</b>		<b>3,179,289</b>	<b>4,703,893</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	21	133,565,008	124,643,264
Investment Property	22	63,550,527	48,528,095
Investment Property Held for Sale	23	13,550,000	14,475,000
Inventory Under Construction	25	208,971,309	141,208,632
Intangible Assets	20	67,479	105,916
<b>TOTAL NON CURRENT ASSETS</b>		<b>419,704,323</b>	<b>328,960,907</b>
<b>TOTAL ASSETS</b>		<b>422,883,612</b>	<b>333,664,800</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	16,19	14,782,230	12,059,683
Borrowings	24	296,420,686	195,209,005
Employee Entitlements	14	314,800	555,487
<b>TOTAL CURRENT LIABILITIES</b>		<b>311,517,716</b>	<b>207,824,175</b>
<b>NON CURRENT LIABILITIES</b>			
Term Payables	16	-	-
Term Borrowings	24	135,300	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>135,300</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>311,653,016</b>	<b>207,824,175</b>
<b>NET ASSETS</b>		<b>\$111,230,596</b>	<b>\$125,840,625</b>

Authorised for issue on behalf of the Board



**R. Croon**, President  
7 October 2020



**J. A. Mackinnon**, Vice President  
7 October 2020



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 July 2020

	NOTE	2020	2019
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was received from:			
Members and Customers		19,235,199	23,856,121
Construction Bond Recovered		-	3,000,000
Settlement Proceeds		1,805,201	-
Goods and Services Tax		120,391	662,861
Interest Earned		597	6,471
		<b>21,161,388</b>	<b>27,525,453</b>
<i>Cash was paid out to:</i>			
Suppliers and Employees		18,903,011	22,395,350
Development Costs		82,978,721	54,470,275
Interest Incurred		155,282	208,921
		<b>102,185,747</b>	<b>77,074,546</b>
<b>NET CASH FLOW FROM OPERATIONS</b>	17	<b>(80,875,626)</b>	<b>(49,549,093)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(623,745)	(282,976)
Purchase of Intangible Assets		(7,575)	(29,596)
Development of Investment Property		(8,112,711)	(5,168,886)
<b>NET CASH FLOW FROM (USED FOR) INVESTING</b>		<b>(8,744,031)</b>	<b>(5,481,458)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		88,462,516	54,358,737
Repayment of borrowings		(300,000)	-
<b>NET CASH FLOW FROM (USED FOR) FINANCING</b>		<b>88,162,516</b>	<b>54,358,737</b>
<b>NET INCREASE (DECREASE) IN CASH RESOURCES</b>		(1,457,141)	(671,814)
Cash at Start of Year		2,314,003	2,985,817
<b>CASH RESOURCES AT END OF YEAR</b>		<b>\$856,862</b>	<b>\$2,314,003</b>
<b>CASH RESOURCES COMPRISE</b>			
Cash on Hand		113,344	100,111
Cash Float on Issue		108,050	88,950
Bank Current Accounts (Net)		635,468	2,124,942
<b>CASH RESOURCES AT END OF YEAR</b>	13	<b>\$856,862</b>	<b>\$2,314,003</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

**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.

**Consolidated group financial statements**

These 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.

**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.

**Exchange Revenue - Race Meeting Revenue**

Race meeting revenue comprises the amounts received or receivable for services provided and goods sold that directly relate to race meeting events conducted by the Club during the financial year. These primarily include industry distributions from the New Zealand Racing Board (NZRB) and other receipts that directly relate to the Club's race meeting activities from members of the Club.

**Exchange Revenue - Revenue from rendering of services**

The Club performed various services including course and venue rental to members of the Club and other third parties. Revenue from rendering of services is recorded as revenue when the service is provided.

**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 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, except when transferred from investment property which will be at fair value.

**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 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.

**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 the lower of 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.

**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.

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

**Changes in accounting policies**, there have been no changes in accounting policies since the date of the last financial report.



## 2 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 21) and the amortisation of intangible assets (Note 20) 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 21,22,23) Development project costs within inventory under construction 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.

As a result of the COVID-19 pandemic which had an unprecedented and significant impact on property market valuations, Property, Plant and Equipment was revalued this year. The valuations of the Club's land and properties were obtained by qualified independent valuers CBRE and Marsh & Irwin.

**Impairment of Inventory under Construction** has been recorded in the current financial year as a result of increased construction costs and the termination and replacement of one of the two lead contractors. Total costs now exceed the net selling price and an allowance for impairment has been recorded (Note 25) to reflect the expected loss on the development. In reaching the impairment adjustment some assumptions were required, these included an assessment of future cost increases from known construction variations and an allowance for committed and uncommitted contingencies. These cost estimates are based on quantity surveyor estimates. A revenue upside is included from the potential increase in market value of apartment sales contracts cancelled and now being sold on the open market at prices based on the market appraisal of a real estate agent.

**Going concern** assumptions have been tested and applied when preparing these financial statements.

Like most New Zealand businesses, the COVID-19 pandemic lockdown has had an unprecedented and substantial impact on the Club's profitability and operating cashflow in the second half of the 2020 financial year. In particular, lockdown saw the temporary suspension of all business activities (i.e. racing, conferences and events, food and beverage, gaming and wagering) for the period March to May 2020. A significant response was required by the Club to deal with these COVID-19 impacts and that included the restructure of our workforce and operating model across sales & marketing and food & beverage operations, utilisation of government fiscal support packages, managing retention of all retail tenancy and sponsorship agreements, and securing extended bank facilities from our banking partners. These strategic and tactical interventions in response to the COVID-19 impact were cumulatively sufficient to ensure the Club maintained liquidity, funding capacity and the confidence of our business and banking partners.

The Club remains in a strong and positive net asset position which - in conjunction with an underlying cashflow positive business - allows it to sustain its operations, land and property holdings despite the impairment of inventory under construction incurred over the past 2 years. Ongoing support and collaboration with banking partners provides the Club with the assurance that necessary banking facilities will remain available to see the projects to completion, including any associated litigation matters. The Club notes that the Blues building mediation was also successfully settled during the year.

Additionally, in September 2020 the Club entered into a conditional Sale and Purchase Agreement with respect to the Investment Properties held for sale (Note 23) and that is expected to settle in late October / early November 2020. Also, and clearly subject to member approval, the Club is currently engaged in advanced discussions with a number of parties regarding the sale of other select land and Investment Property (Note 22). This potential sale will have the benefit of continuing to revitalise our campus, maintaining the ATC precincts' unique value and experience, and allowing us to significantly reduce debt and risk. The sale of these investment properties within a reasonable timeframe, combined with future rental income from investment property under construction, will remove, reduce or service any residual debt position and are important elements of the Club's plan to manage its fiscal obligations. This anticipated outcome is despite the negative impact of COVID-19 pandemic on both property market valuations and the Club's profitability and cashflow during the lockdown. In the event the Club does not realise adequate funds from these sales then it will need to consider additional or alternative property strategies to meet the obligations of the Club as and when they fall due which gives rise to significant material uncertainty as to Going Concern. If assets were required to be realised they may be realised as less than fair value and additional liabilities may need to be recognised.

NOTE	2020	2019
	\$	\$
<b>3 RACING REVENUE AND EXPENDITURE</b>		
<b>Revenue - Exchange</b>		
Acceptance fees	88,804	156,950
Industry funding	5,538,787	7,993,038
Subsidies received	927,150	591,350
Sponsorship	377,240	643,766
Trials and Workouts	210,202	229,757
<b>Total Racing Revenue - Exchange</b>	<b>\$7,142,183</b>	<b>\$9,614,861</b>
<b>Revenue - Non-Exchange</b>		
Grants received	185,000	285,000
<b>Total Racing Revenue - Non-Exchange</b>	<b>\$185,000</b>	<b>\$285,000</b>
	<b>7,327,183</b>	<b>9,899,861</b>
<b>Expenditure</b>		
Stakes and trophies	6,375,004	8,429,932
Totalisator expenses	394,797	491,878
Salaries and wages	351,361	339,141
Sponsorship expenses	21,558	18,197
Other racing expenses	428,178	368,440
	<b>7,570,898</b>	<b>9,647,588</b>
<b>Contribution from (to) Racing</b>	<b>\$(243,715)</b>	<b>\$252,273</b>

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. Sponsorship expenses are reduced by an elimination of intercompany charges for the provision of hospitality services provided by a subsidiary entity of \$154,570 (2019: \$356,144).

NOTE	2020	2019
	\$	\$
<b>4 TRADING REVENUE AND EXPENDITURE</b>		
<b>Revenue - Exchange</b>		
Food and beverage revenue	5,140,756	6,600,602
Gaming Revenue	3,285,135	3,515,492
TAB revenue	536,679	740,597
	<b>8,962,570</b>	<b>10,856,691</b>
<b>Revenue - Non-Exchange</b>		
Food and beverage cost of sales	1,852,036	2,612,932
Food and beverage salaries and wages	2,592,410	2,867,670
Marketing expenses	275,713	409,250
Gaming and TAB expenses	1,355,583	1,491,865
Administration expenses	144,450	221,307
	<b>6,220,192</b>	<b>7,603,024</b>
<b>Contribution from Trading</b>	<b>\$2,742,378</b>	<b>\$3,253,667</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

	NOTE	2020	2019
		\$	\$
<b>5 PROPERTY RENTAL REVENUE AND EXPENDITURE</b>			
<b>Revenue - Exchange</b>			
Property rents		2,009,118	2,074,641
Parking revenue		183,175	445,984
		<b>2,192,293</b>	<b>2,520,625</b>
<b>Expenditure</b>			
Rental property expenses		(1,506)	1,656
Parking expenses		130,092	236,543
		<b>128,586</b>	<b>238,199</b>
<b>Contribution from Property Rentals</b>		<b>\$2,063,707</b>	<b>\$2,282,426</b>
<b>6 OTHER REVENUE</b>			
<b>Revenue - Exchange</b>			
Members subscriptions		41,704	47,567
Wages subsidy		294,591	-
Other sundry revenue		49,286	1,027
<b>Total Other Revenue - Exchange</b>		<b>\$385,581</b>	<b>\$48,594</b>
<b>Revenue Non-Exchange</b>			
Grants received - Other		453,321	32,538
<b>Total Other Revenue - Non-Exchange</b>		<b>\$453,321</b>	<b>\$32,538</b>
<b>7 OPERATIONS AND ADMINISTRATION EXPENDITURE</b>			
Administration salaries and wages		1,157,703	1,176,163
Audit and related services	8	74,360	54,200
Board remuneration	18	104,375	142,500
Community donations		2,011	2,346
Property services salaries and wages		1,032,585	1,068,708
Marketing expenses		43,650	20,344
Membership expenses		16,013	25,935
Utilities, rates and insurance		1,262,465	1,233,679
Receivables written off	15	1,323	16,463
Repairs and maintenance		626,295	587,143
Administration and other expenses		715,328	614,541
<b>Total Operations and Administration Expenditure</b>		<b>\$5,036,108</b>	<b>\$4,942,022</b>
<b>8 AUDIT AND RELATED SERVICES</b>			
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		69,860	49,700
Club gaming account audit		4,500	4,500
<b>Total Audit and Related Services</b>		<b>\$74,360</b>	<b>\$54,200</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

	NOTE	2020	2019
		\$	\$
<b>9 EMPLOYEE BENEFITS EXPENSE</b>			
Employee benefits expense is included in the functional expenditure analysis provided in notes 3 to 7. The total employee benefits expense for the year is made up as follows:			
Racing expenditure		351,361	339,141
Trading expenditure		3,107,336	3,436,613
Property rental expenditure		130,092	236,543
Administration expenditure		1,157,702	1,179,876
Property services expenditure		1,032,585	1,068,708
Board remuneration	18	104,375	142,500
<b>Total Employee Benefits Expense</b>		<b>\$5,883,451</b>	<b>\$6,403,381</b>
<b>10 REVALUATION SURPLUS RESERVE</b>			
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 21). 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 2020, refer to Note 21.			
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 22,23) are recognised in the surplus for the year and form part of Accumulated Funds.			
Movement in the reserve during the year is as follows:			
Balance as at 31 July 2019		104,329,080	104,329,080
Revaluation - Alexandra Park - Epsom	21	2,690,000	-
Revaluation - Franklin Park - Pukekohe	21	6,927,000	-
Land transferred to investment property			
Balance as at 31 July 2020		<b>113,946,080</b>	<b>104,329,080</b>
The Reserve balance represents the revaluation of land as follows:			
Alexandra Park, Epsom		93,946,803	91,256,803
Franklin Park, Pukekohe		19,999,277	13,072,277
		<b>113,946,080</b>	<b>104,329,080</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

	NOTE	2020	2019
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**11 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	9,760	26,234
2-5 Years	-	9,621
<b>Total Future Commitments</b>	<b>\$9,760</b>	<b>\$35,855</b>

**12 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 \$2,359,100 (2019: \$2,380,000) have been applied as follows:

\$1,854,100 applied to stake money  
\$505,000 applied to club racing expenses.

**13 CASH AND CASH EQUIVALENTS**

	\$	\$
The balance in the Balance Sheet is made up as follows:		
Cash on hand	113,344	100,111
Cash float on issue	108,050	88,950
Cash at bank - Operating accounts	445,147	1,955,382
Cash at bank - Gaming account	190,321	169,560
<b>Total Cash and Cash Equivalents</b>	<b>\$856,862</b>	<b>\$2,314,003</b>

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.

**14 EMPLOYEE ENTITLEMENTS**

	\$	\$
The liability for employee entitlements recorded in the Balance Sheet is made up as follows:		
Accrued salaries and wages	111,737	311,877
Liability for annual leave	188,089	232,260
Liability for sick leave	11,350	11,350
Kiwisaver contributions on hand	3,624	-
<b>Total Employee Entitlements</b>	<b>\$314,800</b>	<b>\$555,487</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

	NOTE	2020	2019
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**15 TRADE AND OTHER RECEIVABLES**

\$ \$

The balances in the Balance Sheet are made up as follows:

Trade receivables	591,118	488,714
Prepayments	78,882	244,403
GST receivable	1,156,924	1,084,558
Other receivables	2,136	5,930
Development funds held in escrow	383,468	383,467
Provision for impairment	-	-
<b>Total Trade and Other Receivables</b>	<b>\$2,212,528</b>	<b>\$2,207,072</b>
Receivable during the current 12 months	2,212,528	2,207,072
Receivable in future periods	-	-
	<b>\$2,212,528</b>	<b>\$2,207,072</b>

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	88,971	77,896
Past due 31-60 days	35,090	74,022
Past due 61-90 days	56,562	20,639
Past due > 90 days	11,016	11,016
<b>Total Receivables Past Due</b>	<b>\$191,639</b>	<b>\$183,574</b>

Movement in the provision for impairment of receivables is as follows:

Balance as at 31 July 2019	-	-
Provisions made (reversed) during the year	-	-
Receivables written off	-	-
Increase (Decrease) for the year	-	-
<b>Balance as at 31 July 2020</b>	<b>-</b>	<b>-</b>

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

	NOTE	2020	2019
<b>16 TRADE AND OTHER PAYABLES</b>		\$	\$
The balances in the Balance Sheet are made up as follows:			
Trade payables		1,098,330	1,376,877
Development project payables		12,008,340	8,722,626
Development retentions payable		672,822	1,259,760
Deposits and receipts in advance		482,626	274,898
Other payables		520,112	425,522
<b>Total Trade and Other Payables</b>		<b>\$14,782,230</b>	<b>\$12,059,683</b>
Payable during the current 12 months		14,782,230	12,059,683
Payable in future periods		-	-
		<b>\$14,782,230</b>	<b>\$12,059,683</b>
<b>17 RECONCILIATION OF NET CASH FROM OPERATING</b>		\$	\$
The reconciliation of Net Surplus for the year to Net Cash from Operating Activities is as follows:			
Net Surplus for the year		(24,227,029)	(66,733,391)
<i>Add Back Non Cash Items:</i>			
Amortisation expense		44,912	57,642
Depreciation and adjustments on disposal		1,320,101	1,355,469
Provisions for impairment		-	-
Fair value movements on investment property		(5,942,937)	1,625,000
Impairment of inventory under construction		25,073,534	66,148,143
<i>Net Changes in Working Capital:</i>			
Trade and other receivables		(170,977)	54,576
Inventories		72,919	(541)
Trade and other payables		266,485	1,136,453
Employee entitlements		(240,687)	(66,057)
Receipts in advance		165,521	88,033
<i>Capitalised Development Costs Classified within Operating Cash Flow</i>		(77,237,468)	(53,214,420)
<b>Net Cash flow from Operations</b>		<b>\$(80,875,626)</b>	<b>\$(49,549,093)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

	NOTE	2020	2019
<b>18 RELATED PARTY DISCLOSURES</b>		\$	\$
Remuneration paid to members of the board for the current term of office is:			
R Croon	President	37,500	22,500
J A MacKinnon	Vice President	22,500	15,000
D Balle	Elected Director	15,000	15,000
S Plant	Elected Director	15,000	-
L Oughton	Elected Director (Elected 18 Dec 2019)	15,000	-
G Harford	Appointed Director	15,000	15,000
S Brooks	Appointed Director (Appointed 30 October 2019)	15,000	-
B Carter	Elected Director (Retired 23 October 2019)	-	37,500
R Johnson	Elected Director (Retired 18 December 2019)	-	15,000
L Peckham	Appointed Director (Retired 23 October 2019)	-	15,000
		<b>\$135,000</b>	<b>\$135,000</b>
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.			
During the year and in accordance with the constitution of the Club, board member R.Croon was appointed as President, replacing B.Carter. J.A.MacKinnon was appointed as Vice President. R.Johnson and L.Peckham retired from the board and were replaced by L.Oughton as an Elected Director on an interim basis and S.Brooks as an Independent Appointed Director.			
The remuneration for R.Croon as acting Chief Executive on a transitional basis ceased following the appointment of M.Barsi as Chief Executive Officer in August 2019. This amounted to \$6,000 for the current financial year.			
Board member G.Harford has been engaged as a lawyer and advisor to the Club through Dawson Harford Limited for legal advice and Harford Consulting Limited for consultancy services. Fees of \$370,618 were paid to these entities for the year, subject to board resolution and the usual processes of the Club.			
Board member S.Brooks has been engaged as a senior financial executive and advisor to the Club as an independent consultant following the departure of the Chief Financial Officer and Financial Controller during the year. Fees of \$113,625 were paid for the year.			
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 \$965,285 for 5 full time equivalent employees including changes in personnel (2019: \$853,599, 5 full time equivalent employees).			
	NOTE	2020	2019
<b>19 FINANCIAL INSTRUMENTS</b>		\$	\$
The carrying amounts of financial assets and liabilities within category are as follows:			
Loans and Receivables			
Cash and cash equivalents	13	856,862	2,314,003
Trade and other receivables	15	2,212,528	2,207,072
		<b>\$3,069,390</b>	<b>\$4,521,075</b>
Financial Liabilities (measured at amortised cost)			
Trade and other payables	16	\$14,782,230	\$12,059,683
Borrowings	24	\$296,555,986	\$195,209,005
		<b>\$311,338,216</b>	<b>\$207,268,688</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

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:

NOTE	2020	2019
	\$	\$
Due 1-30 days	11,404,126	10,353,592
Due 31-90 days	78,600	68,586
Due 91-365 days	301,861,763	202,604,402
Due > 365 days	135,300	-
	<b>\$313,479,789</b>	<b>\$213,026,580</b>

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 around the expected completion date of the development (Note 24). Currently facilities are in place to ensure that construction costs continue to be paid on a timely basis, any extension or increase to these facilities will be negotiated with the banks when required. Unconditional Sales contracts have been signed on the majority of the 246 apartments with some apartments currently on the market for sale. At settlement on the completion of construction the Club will repay its debt facilities and re-arrange any residual debt as ongoing business loans to be serviced through operational cash flow.

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 24) and will be reviewed regularly for options to fix interest rates to minimise exposure to market movements. Interest capitalised into inventory under construction is subject to a change in interest rates (\$1,460,040 per 0.5% fluctuation in interest rates) that will impact the profit on sale of apartments under construction. Apartment sales proceeds are expected to be realised in the year ending 31 July 2021 which are expected to reduce the current debt by 69%. Investment properties held for sale (Note 23) are also expected to provide the Club with the cashflow to reduce debt. The Club is considering other possible sale and redevelopment options for its land and properties where that will further reduce any debt and improve the value and experience of the ATC precinct. 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 2020	(22,063)	22,063	(22,063)	22,063
31 July 2019	(22,063)	22,063	(22,063)	22,063

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

**20 INTANGIBLE ASSETS**

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

	2020				
	Opening Cost	Additions at Cost	Disposals at Cost	Transfer to Assets Held For Sale	Closing Cost
Computer Software Licenses	201,951	-	(40,670)	-	161,281
Website Development	115,181	7,575	-	-	122,755
	<b>\$317,132</b>	<b>\$7,575</b>	<b>\$(40,670)</b>	<b>-</b>	<b>\$284,036</b>

	2019				
	Opening Cost	Additions at Cost	Disposals at Cost	Transfer to Assets Held For Sale	Closing Cost
Computer Software Licenses	183,202	18,749	-	-	201,951
Website Development	104,333	10,848	-	-	115,181
	<b>\$287,535</b>	<b>\$29,597</b>	<b>-</b>	<b>-</b>	<b>\$317,132</b>

Movements in the accumulated amortisation and impairment losses of each class of intangible asset are as follows:

	2020					
	Opening Balance	Amortisation Expense	Impairment Losses	Eliminated on Disposal	Transfer to Assets Held For Sale	Closing Balance
Computer Software Licenses	132,163	29,555	-	(39,571)	-	122,147
Website Development	79,053	15,357	-	-	-	94,410
	<b>211,216</b>	<b>44,912</b>	<b>-</b>	<b>\$(39,571)</b>	<b>-</b>	<b>\$216,557</b>

	2019					
	Opening Balance	Amortisation Expense	Impairment Losses	Eliminated on Disposal	Transfer to Assets Held For Sale	Closing Balance
Computer Software Licenses	96,276	35,887	-	-	-	132,163
Website Development	57,298	21,755	-	-	-	79,053
	<b>\$153,574</b>	<b>\$57,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$211,216</b>

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

	2020			2019		
	Cost	Accumulated Amortisation /Impairment	Carrying Value	Cost	Accumulated Amortisation /Impairment	Carrying Value
Computer Software Licenses	161,281	122,147	39,134	201,951	132,163	69,788
Website Development	122,755	94,410	28,345	115,181	79,053	36,128
	<b>\$284,036</b>	<b>\$216,557</b>	<b>\$67,479</b>	<b>\$317,132</b>	<b>\$211,216</b>	<b>\$105,916</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

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.

**21 PROPERTY PLANT AND EQUIPMENT**

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

	2020					
	Opening Cost or valuation	Additions at Cost	Revaluation	Disposals at Cost	Transfers to Investment Property	Closing Cost or valuation
Land Alexandra Park	91,610,000	-	2,690,000	-	-	94,300,000
Land Pukekohe	18,850,000	-	6,927,000	-	-	25,777,000
Land Improvements	1,302,944	-	-	-	-	1,302,944
Buildings & Grandstands	33,604,898	472,894	-	-	-	34,077,792
Plant, Machinery & Vehicles	5,687,659	143,510	-	(15,703)	-	5,815,466
Flood & Security Lighting	1,406,754	-	-	-	-	1,406,754
Furniture, Fittings & Other	1,135,476	7,341	-	-	-	1,142,817
	<b>\$153,597,731</b>	<b>\$623,745</b>	<b>\$9,617,000</b>	<b>\$(15,703)</b>	<b>-</b>	<b>\$163,822,773</b>

	2019					
	Opening Cost or valuation	Additions at Cost	Revaluation	Disposals at Cost	Transfers to Investment Property	Closing Cost or valuation
Land Alexandra Park	91,610,000	-	-	-	-	91,610,000
Land Pukekohe	18,850,000	-	-	-	-	18,850,000
Land Improvements	1,291,787	11,157	-	-	-	1,302,944
Buildings & Grandstands	33,564,586	40,312	-	-	-	33,604,898
Plant, Machinery & Vehicles	5,537,879	220,449	-	(76,669)	-	5,687,659
Flood & Security Lighting	1,406,754	-	-	-	-	1,406,754
Furniture, Fittings & Other	1,137,362	15,903	-	(17,789)	-	1,135,476
	<b>\$153,398,368</b>	<b>\$287,821</b>	<b>-</b>	<b>\$(88,458)</b>	<b>-</b>	<b>\$153,597,731</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

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

	2020					
	Opening Balance	Depreciation Expense	Impairment Losses	Eliminated on Disposal	Assets on Amalgamation	Closing Balance
Land Alexandra Park	-	-	-	-	-	-
Land Pukekohe	-	-	-	-	-	-
Land Improvements	852,029	42,649	-	-	-	894,678
Buildings & Grandstands	21,004,007	971,802	-	-	-	21,975,809
Plant, Machinery & Vehicles	4,890,822	245,275	-	(12,809)	-	5,123,288
Flood & Security Lighting	1,346,862	10,578	-	-	-	1,357,440
Furniture, Fittings & Other	860,747	45,803	-	-	-	906,550
	<b>\$28,954,467</b>	<b>\$1,316,107</b>	<b>-</b>	<b>\$(12,809)</b>	<b>-</b>	<b>\$30,257,765</b>

	2019					
	Opening Balance	Depreciation Expense	Impairment Losses	Eliminated on Disposal	Assets on Amalgamation	Closing Balance
Land Alexandra Park	-	-	-	-	-	-
Land Pukekohe	-	-	-	-	-	-
Land Improvements	795,854	56,175	-	-	-	852,029
Buildings & Grandstands	20,047,109	956,898	-	-	-	21,004,007
Plant, Machinery & Vehicles	4,655,739	281,944	-	(46,861)	-	4,890,822
Flood & Security Lighting	1,336,284	10,578	-	-	-	1,346,862
Furniture, Fittings & Other	828,282	49,874	-	(17,409)	-	860,747
	<b>\$27,663,268</b>	<b>\$1,355,469</b>	<b>-</b>	<b>\$(64,270)</b>	<b>-</b>	<b>\$28,954,467</b>

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

	2020			2019		
	Cost or valuation	Accumulated Depreciation /Impairment	Carrying Value	Cost or valuation	Accumulated Depreciation /Impairment	Carrying Value
Land Alexandra Park	94,300,000	-	94,300,000	91,610,000	-	91,610,000
Land Pukekohe	25,777,000	-	25,777,000	18,850,000	-	18,850,000
Land Improvements	1,302,944	894,678	408,266	1,302,944	852,029	450,915
Buildings & Grandstands	34,077,792	21,975,809	12,101,983	33,604,898	21,004,007	12,600,891
Plant, Machinery & Vehicles	5,815,466	5,123,288	692,178	5,687,659	4,890,822	796,837
Flood & Security Lighting	1,406,754	1,357,440	49,314	1,406,754	1,346,862	59,892
Furniture, Fittings & Other	1,142,817	906,550	236,267	1,135,476	860,747	274,729
	<b>\$163,822,773</b>	<b>\$30,257,765</b>	<b>\$133,565,008</b>	<b>\$153,597,731</b>	<b>\$28,954,467</b>	<b>\$124,643,264</b>

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

There were restrictions on title to property, plant and equipment (Note 24).

Property was revalued during the financial year as a result of the COVID-19 pandemic lockdown. We note that property market valuations have been negatively impacted due to the uncertainty created by this unprecedented lockdown. Independent valuers, CBRE and Marsh & Irwin, were engaged by the Club to assess the valuation of



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 July 2020

its land and properties in response to this significant event. However, given the ongoing uncertainty around the duration and severity of the impact COVID-19 has on New Zealand and its economy, these valuations are subject to a material valuation uncertainty.

Land at Alexandra Park is carried at independent valuation as at 31 July 2020 prepared by K Beckett (ANZIV, SPINZ), Director, CBRE Limited, Registered Valuers.

Land at Franklin Park on Station Road, Pukekohe is carried at independent valuation 31 July 2020 prepared by P Wright (ANZIV, SPINZ), Marsh & Irwin 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 22,23). The original cost of land carried at valuation is \$6,130,920. The surplus due to revaluation is \$113,946,080 and is carried as a separate line item in equity.

## 22 INVESTMENT PROPERTY

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

	2020					
	Opening balance	Additions at Cost	Transfers from Property. Plant & Equipment	Transfers	Fair Value Gain/(Loss)	Closing Balance
223A/B Green Lane West, Epsom	16,368,095	8,154,495	-	-	7,977,937	32,500,527
223C Green Lane West, Epsom	15,840,000	-	-	-	(740,000)	15,100,000
225 Green Lane West, Epsom	7,720,000	-	-	-	(370,000)	7,350,000
32 Campbell Crescent, Epsom	8,600,000	-	-	-	-	8,600,000
	<b>\$48,528,095</b>	<b>\$8,154,495</b>	<b>-</b>	<b>-</b>	<b>\$6,867,937</b>	<b>\$63,550,527</b>

	2019					
	Opening balance	Additions at Cost	Transfers from Property. Plant & Equipment	Transfers	Fair Value Gain/(Loss)	Closing Balance
350 Manukau Road, Epsom	5,300,000	-	-	(5,300,000)	-	-
352 Manukau Road, Epsom	10,400,000	-	-	(9,175,000)	(1,225,000)	-
223A/B Green Lane West, Epsom	11,199,210	5,168,885	-	-	-	16,368,095
223C Green Lane West, Epsom	15,840,000	-	-	-	-	15,840,000
225 Green Lane West, Epsom	7,720,000	-	-	-	-	7,720,000
32 Campbell Crescent, Epsom	9,000,000	-	-	-	(400,000)	8,600,000
	<b>\$59,459,210</b>	<b>\$5,168,885</b>	<b>-</b>	<b>\$(14,475,000)</b>	<b>\$(1,625,000)</b>	<b>\$48,528,095</b>

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

Investment Property is subject to revaluation on an annual basis and was revalued during the financial year as a result of the COVID-19 pandemic lockdown. Independent valuers, CBRE, were engaged by the Club to assess the valuation of its land and properties in response to this significant event. However, given the ongoing uncertainty around the duration and severity of the impact COVID-19 has on New Zealand and its economy, these valuations are subject to a material valuation uncertainty.

Subject to member approval, the Club is currently engaged in advanced discussions with a number of parties regarding the sale of other select land and Investment Property. This potential sale will have the benefit of continuing to revitalise our campus, maintaining the ATC precincts' unique value and experience and allowing us to significantly reduce debt and risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 July 2020

The Club engaged K Beckett (ANZIV, SPINZ), Director, CBRE Limited, Registered Valuers, to provide an independent assessment of the fair value of investment property. The valuation reports are dated July 2020 with fair value being assessed as at 31 July 2020.

The fair value of property at 350 Manukau Road has been determined using a direct comparison approach establishing land value plus the present value of the deferred income 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 2.5 years. Only 1 right of renewal remains for a term of 5 years from 6 February 2023. Under this approach the underlying land value has been grown by 1.72% per annum, with the rental and land value deferred from final expiry of the lease in February 2028.

The fair value of the property at 352 Manukau Road has been determined using the direct comparison approach which compares the subject asset with identical or similar assets recently sold in the market. The lease has 6 months to run and no right of renewal.

The property 223A Greenlane Road is held at cost and represents the portion of developments in progress that will be leased as retail space on completion of development, which is estimated to be September 2020. The 11 Retail Strata Units at property 223B Greenlane Road have been revalued to fair value 'as if complete', which has been determined using the direct capitalisation approach, having regard to the estimated net effective market rental, adjusted to reflect anticipated operating costs to produce a net income on a fully leased basis. The direct capitalisation method adopts a capitalisation rate for each retail unit ranging between 4.75% - 5.75%.

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 5.5 years to run on the lease. The direct capitalisation method adopts a capitalisation rate of 6.0%, while the discounted cashflow calculation adopts an internal rate of return of 7.25% 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.

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 24).

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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

**23 INVESTMENT PROPERTY HELD FOR SALE**

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

	2020				
	Note	Opening Balance	Transfers	Fair Value Gain	Closing Balance
350 Manukau Road, Epsom		\$5,300,000	-	(150,000)	5,150,000
352 Manukau Road, Epsom		\$9,175,000	-	(775,000)	8,400,000
		<b>\$14,475,000</b>	<b>-</b>	<b>\$(925,000)</b>	<b>\$13,550,000</b>
	2019				
	Note	Opening Balance	Transfers	Fair Value Gain	Closing Balance
350 Manukau Road, Epsom	22	-	5,300,000	-	5,300,000
352 Manukau Road, Epsom	22	-	9,175,000	-	9,175,000
		<b>-</b>	<b>\$14,475,000</b>	<b>-</b>	<b>\$14,475,000</b>

Investment Property held for sale is subject to revaluation on an annual basis and was revalued during the financial year as a result of the COVID-19 pandemic lockdown. We note that property market valuations have been negatively impacted due to the uncertainty created by this unprecedented lockdown. Independent valuers, CBRE, were engaged by the Club to assess the valuation of its land and properties in response to this significant event. However given the ongoing uncertainty around the duration and severity of the impact COVID-19 has on New Zealand and its economy, these valuations are subject to a material valuation uncertainty.

In September 2020, the Club entered into a conditional Sale and Purchase Agreement with respect to the Investment Properties held for sale and that is expected to settle in late October / early November 2020.

**24 BORROWINGS**

	NOTE	2020	2019
		\$	\$
Bank Loans		296,875,896	196,449,005
Government Loan		135,300	-
Loan from Harness Racing New Zealand Incorporated		-	300,000
Deferred finance expense		(455,210)	(1,540,000)
		<b>\$296,555,986</b>	<b>\$195,209,005</b>
Payable during the current 12 months		296,420,686	195,209,005
Payable in future periods		135,300	-
		<b>\$296,555,986</b>	<b>\$195,209,005</b>

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, the banks are aware of all project matters including expected date of completion through regular independent monthly reporting.

A loan facility for \$172,900,000 with a current value drawn of \$141,988,137 is provided by Westpac New Zealand Limited (Westpac) with a maturity date of 30 November 2020 on an interest only basis with full repayment due on completion and settlement of apartment sales which is expected to be late 2020. The interest rate applicable is floating based on Westpac's

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 July 2020

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 periodically utilised, as at the balance date of 31 July 2020 the current value drawn was \$1,076,785.

The loan contains a covenant stating that the LVR must remain below 70%, otherwise the bank may require prepayment of part of the facility on demand or the provision of additional security. The LVR was in excess of this limit at year end. However, a waiver was received from the bank and management has renegotiated this loan and associated facilities subsequent to year end (see Note 27).

A loan facility for \$10,000,000 that is fully drawn as at balance date is provided with a maturity date of 30 November 2020, 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 \$4,412,677 is provided with a maturity date of 30 November 2020 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, 229 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. Westpac and ANZ also have a shared security arrangement over the race track land and buildings located at 354-378 Manukau Road.

A loan facility for \$148,500,000 with a current value drawn of \$140,475,082 is provided by ANZ Bank New Zealand Limited (ANZ) with a maturity date of 30 September 2020 on an interest only basis with full repayment due on completion and settlement of apartment sales which is expected to be in September 2020. The interest rate applicable is floating based on ANZ's 30 day bank bill bid rate plus margin. An overdraft facility of \$1,000,000 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 1.0%. During the financial year this overdraft facility has been periodically utilised, as at the balance date of 31 July 2020 the current value drawn was \$925,655.

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, plus the shared security arrangement over the race track land and buildings located at 354-378 Manukau Road.

The Club has received a Government loan of \$135,300 with a maturity date of May 2025. The loan is interest free for the first 12 months and 3% p.a. interest charged thereafter.

Interest of \$9,635,391 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 2.90%. Line fees are charged in addition to the interest charge.

The loan from Harness Racing New Zealand Incorporated for \$300,000 was repaid during the 2020 financial year.

**25 INVENTORY UNDER CONSTRUCTION**

	NOTE	2020	2019
		\$	\$
Inventory under construction		300,192,986	207,356,775
Impairment of inventory under construction		(91,221,677)	(66,148,143)
		<b>\$208,971,309</b>	<b>\$141,208,632</b>

The impairment for the year was calculated based on total projected cost and contingency to complete the development against the total projected consideration on settlement of the apartments. The impairment recognised for the year resulted from an increase in the construction costs for both buildings including the impact of the COVID-19 pandemic lockdown, and the termination and replacement of the previous lead contractor on the 223A Green Lane site. The 223B Green Lane West site also suffered cost increases through variation claims brought by the site contractor. The delay in completion for both sites has also resulted in prolongation costs for professional services and finance.



26 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 late 2020. At balance date the Club is committed to the balance of the construction contract and related professional services of \$40,370,662. Bank funding has been approved for the development and the facility is being drawn down monthly to settle progress payments.

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 September 2020. At balance date the Club is committed to the balance of the construction contract and related professional services of \$5,718,189. Bank funding has been approved for the development and the facility is being drawn down monthly to settle progress payments.

During 2018 a construction contractor issued proceedings against the Club in the arbitral tribunal seeking damages for wrongful termination. The Club has filed its defence and counterclaim for its losses arising from the termination of the contractor. The hearing in relation to this matter began on 29 June 2020 however was interrupted by the COVID-19 pandemic lockdown in Auckland, so is expected to continue until late 2020. The Club incurred legal costs of \$3,897,820 during the financial year in defending the Club's legal position with regards to this matter, which have been expensed under development costs.

As a result of design issues there are outstanding defects that require remediation on the Blues training facility which was a design and build contract. This matter was successfully resolved through an arbitration hearing by way of settlement with the related insurance parties with insurance proceeds to cover the estimated remediation costs of \$1.2m. The building remediation is expected to occur in mid 2021.

During the year, a retail tenant in the commercial development raised a dispute against the Club centring around the delay in gaining access to premises for which an Agreement to Lease had been entered into. The tenant originally requested an arbitration on the matter. Since that date, no formal appointment of an arbitrator has been made nor proceedings issued by the tenant. Both parties have, however, engaged in commercial correspondence in an endeavour to settle the matter.

The Club has indemnified Westpac New Zealand Limited in respect of a \$258,750 bank guarantee in favour of the Auckland Council. The guarantee was required as a condition of the Club obtaining resource consent for the subdivision of land as a commitment to ensure required infrastructure in water and wastewater services were completed.

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 2020.

27 EVENTS SUBSEQUENT TO BALANCE DATE

An increase and extension to the main loan facility provided by Westpac New Zealand Limited (Westpac) was executed on 8 September 2020 relating to legal arbitration defence and bank finance costs, amounting to \$4,600,000 with a maturity date of 28 February 2021 on an interest only basis with full repayment due on completion and settlement of apartment sales. The interest rate applicable is floating based on Westpac's 30 day bank bill bid rate plus margin. The revised loan facility with Westpac has subsequently increased from \$172,900,000 to \$177,500,000.

In September 2020, the Club entered into a conditional Sale and Purchase Agreement with respect to the Investment Properties held for sale and that is expected to settle in late October / early November 2020.

There have been no other subsequent events that occurred from balance date through to the signing of the financial statements that would require adjustment to or disclosure in the financial statements as of and for the year ended 31 July 2020.







#### RSM Hayes Audit

PO Box 9588  
Newmarket, Auckland 1149  
Level 1, 1 Broadway  
Newmarket, Auckland 1023  
T +64 (9) 367 1656  
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 2020;
- 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 50 to 72 present fairly, in all material respects, the financial position of the group as at 31 July 2020, 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.

An affiliated entity, RSM New Zealand, has provided limited accounting support services. The provision of these services has not impaired our independence as auditor of the Auckland Trotting Club Incorporated. 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 the matters raised above, we have no relationship with, or interests in, the Club and any of its subsidiaries.

#### Material uncertainty related to going concern

We draw attention to the critical judgments, estimates and assumptions section under note 2 in the financial statements, which indicates that the Club's ability to continue operations into the foreseeable future depends on its ability to sell existing property in a reasonable timeframe and for a sufficient value, to reduce and service residual debt. As stated in Note 2, these events, or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Club's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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#### Emphasis of matter

We draw attention to Notes 20, 21 and 22 to the financial statements, which indicate that the Club's Investment Property, Property and Assets held for sale are considered to have estimation uncertainty. As at 31 July 2020 (valuation date), the independent registered valuer has included a material uncertainty clause due to the COVID-19 pandemic. This clause highlights the difficulties in undertaking valuations due to the absence of relevant transactional evidence to demonstrate current property market pricing. Thus, less certainty and a higher degree of caution, should be attached to the estimates made in the valuation. Our opinion is not modified in respect of this matter.

#### Other information

The directors are responsible for the other information. The other information comprises the information on pages 4 to 49 and pages 76 to 77 (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.

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

#### Who we report to

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

RSM Hayes Audit  
Auckland

7 October 2020



Alexandra Park and Franklin Park are involved in our communities in several ways and support many charities and Harness Racing industry events, some of which are listed below:

- ATC Syndicates
- Auckland Blues
- Auckland Chess
- Auckland Rugby League
- Auckland Rugby League Referees
- Bethel Assembly of God Church
- Burns Support Group
- Cancer Society
- Indian Newslink Business Awards
- Kidney Kids
- Kids Big Day Out
- Kidz Kartz
- Koru Care
- Laura Fergusson Trust
- Lion Club Remuera
- Mark Jensen
- New Zealand Customs Dog Section
- Noel Taylor NZ Trotting Hall of Fame
- North Island Harness Racing Awards
- NZ Down Syndrome Association
- NZ Harness Racing Trainers & Drivers Association Northern Branch
- Radio Lollipops
- Special Olympics
- Sport Auckland
- Wish 4 Fish
- Women's Cancer Foundation - Teal Pants Campaign

# COMMUNITY INVOLVEMENT

## THANK YOU TO OUR STAFF

Stephanie CAMPBELL ♦ Nanise (Nani) CAQETA ♦ Adele DALTON ♦ Ariana HAIKA ♦ Valentina HENAO ♦ Bradley HOLDEN ♦ Joanne HONEY ♦ Quentina (Quinny) KATINAPI ♦ Siu OFANOA ♦ Sebastain (Vince) SANTOS ♦ Hardeep SINGH ♦ Dane JEFFERIES ♦ Lai (Anthony) KOH ♦ Sylvia LORIMER-SLADE ♦ Brian PARK (Jaechan) ♦ Philip TAEFU ♦ Henry TIGAFUA ♦ Mark ALLAN ♦ Mauro BARSİ ♦ Nathan (Nate) MOSS-PENMAN ♦ Agness STOWERS ♦ David FOLEY ♦ Savuth (Sam) NOV ♦ Russell (Rusty) PEART ♦ Graham PAYNE ♦ Nita DRURY ♦ Joseph (Joe) SU'A ♦ Ane TATAFU ♦ Graham BAYLEY ♦ Robert (Robbie) BEHRNS ♦ Allan NICOLSON ♦ Greg SHIRLEY ♦ Lorraine HARRISON ♦ Ryan PRIMROSE ♦ Kelda RANBY ♦ Judith-Anne SCHEFFER ♦ Petra WAIRUA ♦ Mukesh BABU ♦ John GALLEN ♦ Colleen HODGES ♦ Donald HODGES ♦ Graham HUMBY ♦ Samuel (Sam) HUMBY ♦ Margaret MUDGWAY ♦ Brian QUINN ♦ Ben WESTERLUND ♦ Alan WILLY ♦ Moroni AKAITI ♦ Stewart ASHWORTH ♦ David CUNNEEN ♦ Alan BEECROFT ♦ Kimberley BLAKEMORE ♦ Paul (Danny) BLAKEMORE ♦ Tim BROSNAN ♦ Vicky DIXON ♦ James GAVIN ♦ Raymond GAVIN ♦ Susan GAVIN ♦ Valerie (Joan) HART ♦ Angela LUCAS ♦ Korena LUCAS ♦ Penelope MATHEWS ♦ Russell MCISAAC ♦ Jason PEAKE ♦ Frank PHELAN ♦ Cameron SHAW ♦ Ron WELLER ♦ Philip WHITCOMBE ♦ Jessica WHITE ♦ Luke IOANE ♦ Nu'uausala (Nu) SMITH ♦ Christopher (Chris) START ♦ Michael (Mike) GOLDSWORTHY ♦ Neville HENDERSON ♦ Tao LI (Carol) ♦ Luke MARTIN ♦ Emma RANKIN ♦ Kerry WESTON ♦ Christopher (Chris) PAUL ♦ Spender AKAITI ♦ Mary BERNTSEN ♦ Maureen CRAWFORD ♦ Hugh CUTFIELD ♦ Reynold HENKEL ♦ Olivia LEE ♦ Olivia POLONIATI JUNIOR ♦ Noori (Nuri) KIM ♦ Lance TAIWHANGA ♦ Lesieli VEA



