

## INDEPENDENT AUDITOR'S REPORT

*To the Members of Manawatu Car Club Incorporated*

### Qualified Opinion

We have audited the special purpose financial statements ("the financial statements") of Manawatu Car Club Incorporated on pages 4 to 10 which comprise the balance sheet as at 30 September 2017, and the statement of profit or loss and statement of movements in equity for the year then ended, and notes to the financial statements including statement of accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph below, the financial statements on pages 4 to 10 which present the financial position of the Manawatu Car Club Incorporated as at 30 September 2017, and the financial performance for the year then ended, and are prepared, in all material respects, in accordance with the accounting policies as described on page 8.

### Basis for Qualified Opinion

Control over event income, equipment rental and miscellaneous income prior to being recorded is limited and there are no practical audit procedures to determine the effect of this limited control. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 Financial Statements* section of our report. We are independent of Manawatu Car Club Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Manawatu Car Club Incorporated.

### Emphasis of Matter – Special Purpose Basis of Preparation

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. These are special purpose financial statements and have been prepared to meet the requirements of the Committee. As a result, the financial statements may not be suitable for another purpose.

### Restriction on Responsibility

This report is made solely to the members, as a body. Our audit work 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### Committees' Responsibilities for the Financial Statements

The committee are responsible for determining that the accounting policies on page 8 are acceptable in the society's circumstances, and for such internal control as the committee determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee are responsible on behalf of Manawatu Car Club Incorporated for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate Manawatu Car Club Incorporated or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- conclude on the appropriateness of the use of the going concern basis of accounting by the committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Cotton Kelly**  
**14 February 2018**

# Annual Accounts

Manawatu Car Club

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# Directory

## Manawatu Car Club

For the year ended 30 September 2017

### Nature of Business

Car Club

### Established

16 February 1950

### Registered Office

22 Kauri Street, Roslyn, Palmerston North, New Zealand, 4414

### Incorporation Number

216044

### IRD Number

11-150-071

### Accountants

Wheeler Campbell  
Feilding

### Auditors

Cotton Kelly  
Palmerston North

### Bankers

ANZ

# Statement of Profit or Loss

## Manawatu Car Club

For the year ended 30 September 2017

	NOTES	2017	2016
<b>Event Income</b>			
Clubsport Events		4,461	2,087
Grants and Funding		-	15,000
IRC Meetings		96,271	75,374
NZ Grand Prix		10,830	12,500
Product Sales		977	38
Road and Track Series		18,383	14,166
Summer Series		17,078	15,496
Winter Series		92,569	80,235
Winter Series Truck show		-	15,928
<b>Total Event Income</b>		<b>240,569</b>	<b>230,823</b>
<b>Direct Costs</b>			
Clubsport Event Expenses		6,658	1,135
Inventory for Resale		1,751	251
IRC Event Expenses		63,649	54,557
NZGP Expenses		5,020	4,074
Other Event Expenses		24,761	7,508
Road and Track Expenses		20,124	20,123
Summer Series Expenses		14,589	12,287
Truck Show Expenses		46	10,341
Winter Series Expenses		46,966	45,638
<b>Total Direct Costs</b>		<b>183,564</b>	<b>155,914</b>
<b>Gross Profit</b>		<b>57,005</b>	<b>74,909</b>
<b>Other Income</b>			
Clubrooms - Advertising and Hire		1,878	1,652
Equipment Rental		15,372	19,914
Interest Recieved		3,489	3,526
Miscellaneous Income		26,483	13,727
Sponsorship		14,780	14,326
Subscription		16,748	17,165
<b>Total Other Income</b>		<b>78,751</b>	<b>70,310</b>
<b>Expenses</b>			
Accounting and Administration		5,900	7,900
Advertising and Promotion		7,908	2,083
Audit Fees		2,700	2,600
Bank Charges		2,278	2,156
Clubrooms		12,036	13,255
Depreciation		16,902	15,647
EFTPOS Fees		1,428	1,299

These financial statements should be read in conjunction with the accompanying notes and audit report.



Statement of Profit or Loss

	NOTES	2017	2016
Fuel		483	-
Insurance		4,005	2,933
Interest Paid		-	-
Maintenance - Equipment		5,983	9,688
Maintenance - Manfeild		979	8,442
Meetings		1,856	1,436
MSNZ Levies		2,307	2,487
Postage, Printing and Stationery		2,011	1,623
Secretarial Services		12,000	12,000
Sponsorship Costs		805	120
Sundry Expenses		1,441	7,784
Telephone - Cellphone and Data		2,068	1,367
Vehicle Maintenance		1,192	-
Website and Newsletter		814	300
Loss on Disposal		2,599	-
<b>Total Expenses</b>		<b>87,696</b>	<b>93,118</b>
<b>Net Surplus for the Year</b>		<b>48,060</b>	<b>52,100</b>

These financial statements should be read in conjunction with the accompanying notes and audit report.



# Statement of Movements in Equity

## Manawatu Car Club

For the year ended 30 September 2017

	2017	2016
<b>Equity</b>		
Opening Balance	344,456	292,356
<b>Recognised Revenue and Expenses</b>		
Net Surplus for the Year	48,060	52,100
Total Recognised Revenue and Expenses	48,060	52,100
Total Equity	392,516	344,456

These financial statements should be read in conjunction with the accompanying notes and audit report.





# Balance Sheet

Manawatu Car Club  
As at 30 September 2017

	NOTES	30 SEP 2017	30 SEP 2016
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Bank	3	153,533	127,296
Accounts Receivable		3,254	5,145
Accrued Income		575	461
Deposit - Public Trust, A S Farland Fund		27,734	27,640
Mastercard		1,058	724
Prepayments		2,570	4,463
RWT Paid		225	225
Shares - Farmlands		1,070	1,070
Term Deposit - ANZ		62,866	31,165
<b>Total Current Assets</b>		<b>252,885</b>	<b>198,188</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	178,799	180,413
IRC Foundation Account		1,000	1,000
<b>Total Non-Current Assets</b>		<b>179,799</b>	<b>181,413</b>
<b>Total Assets</b>		<b>432,684</b>	<b>379,601</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		26,609	17,450
Sundry Creditors		5,280	9,569
Unearned income		5,769	5,052
GST Payable		2,510	3,074
<b>Total Current Liabilities</b>		<b>40,169</b>	<b>35,144</b>
<b>Total Liabilities</b>		<b>40,169</b>	<b>35,144</b>
<b>Net Assets</b>		<b>392,516</b>	<b>344,456</b>
<b>Equity</b>			
Retained Earnings	6	364,782	316,816
Reserves	6	27,734	27,640
<b>Total Equity</b>		<b>392,516</b>	<b>344,456</b>
Chairperson		13/2/18	
		Date	
Treasurer		13/2/18	
		Date	

These financial statements should be read in conjunction with the accompanying notes and audit report.



# Notes to the Financial Statements

## Manawatu Car Club

For the year ended 30 September 2017

### 1. Reporting Entity

Manawatu Car Club is an incorporated society, registered on 16 February 1950

### 2. Statement of Accounting Policies

#### Basis of Preparation

The financial statements are special purpose financial statements and have been prepared for the reporting requirements of the clubs committee and membership using accounting policies set out below:

#### Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

#### Changes in Accounting Policies

There are no material changes in accounting policies.

#### Revenue

- Grants - Grants received are included in operating revenue. If particular conditions are attached to a grant that would require it to be repaid if the conditions are not met, then the grant is recorded as a liability until the conditions are satisfied.
- Subscriptions - The clubs subscription year runs from 1 October until 30 September the following year with any funds held at balance date for future periods recorded as a liability
- Race Income - Event income is only recognised as such once a driver participates in qualifying for the event for which they have entered. Until such time it is recorded as a liability.

#### Property, Plant and Equipment

Property, plant and equipment are included at cost less aggregate depreciation provided at the rates allowed by the Inland Revenue Department.

#### Income Tax

The club qualifies for an exemption for the income tax in terms of section CW46 of the Income Tax Act 2007 as a body promoting amateur games or sports.

#### Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

#### Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.



	2017	2016
<b>3. Cash at Bank</b>		
ANZ 46 Savings Account	73,093	44,186
ANZ 05 EFTPOS Account	575	4,482
ANZ 03 Marshals Fund	1,038	1,038
ANZ 00 Cheque Account	483	342
ANZ 50 Account	63,814	62,101
ANZ 47 Equipment Account	14,504	14,484
PAYPAL Payments	25	663
<b>Total Cash at Bank</b>	<b>153,533</b>	<b>127,296</b>

**4. Bank Overdraft**

The Club has an overdraft facility of \$7,500 with the ANZ Bank. No Security is held by the Bank.

	2017	2016
<b>5. Property, Plant and Equipment</b>		
<b>Buildings</b>		
Buildings at cost	197,928	197,928
Accumulated depreciation - buildings	(72,383)	(69,703)
<b>Total Buildings</b>	<b>125,545</b>	<b>128,225</b>
<b>Plant and Equipment</b>		
Plant and machinery owned	195,208	204,030
Accumulated depreciation - plant and machinery owned	(144,312)	(153,943)
<b>Total Plant and Equipment</b>	<b>50,896</b>	<b>50,086</b>
<b>Furniture and Fittings</b>		
Furniture and fittings owned	55,321	54,453
Accumulated depreciation - furniture and fittings owned	(52,963)	(52,352)
<b>Total Furniture and Fittings</b>	<b>2,358</b>	<b>2,101</b>
<b>Total Property, Plant and Equipment</b>	<b>178,799</b>	<b>180,413</b>
	2017	2016

**6. Equity**

<b>Retained Earnings</b>		
Opening Balance	316,816	264,964
Current Year Earnings	48,060	52,100
Transfer from (to) A S Farland Fund	(94)	(248)
<b>Total Retained Earnings</b>	<b>364,782</b>	<b>316,816</b>
<b>A S Farland Fund</b>		
Opening Balance	27,640	27,392
A S Farland Fund - Transfer From Retained Earnings	94	248
<b>Total A S Farland Fund</b>	<b>27,734</b>	<b>27,640</b>
<b>Total Equity</b>	<b>392,516</b>	<b>344,456</b>



### 7. A S Farland Fund

The AS Farland Fund was established to provide an award to a deserving club member. Funds are held at the Public Trust.

### 8. Related Parties

Member Jeff Braid is the contracted Secretary

Member Tim Wilde is the contracted Treasurer

### 9. Commitment - Eftpos Machine

The Club has an operating lease arrangement for the hire of an eftpos machine. Details of payments are as follows.

	2017	2016
1 Year	1044	1044
2-5 Years	260	1304
Total	1304	2348

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### 10. Manfeild Park Trust

On 12th October 2004, the club sold the activity known as Manfeild Promotions for a price of \$1,945,000 to the Manfeild Park Trust. Part of the agreement was for the Club to advance to the Trust an amount of \$1,266,012 being a limited recourse loan. Interest is accrued on this loan at the Bank of New Zealand home lending rate set annually at 30 September. The loan is unsecured. The principle and interest is only payable on a court order to wind the Trust up. The Club receives 15 free days of track usage, eight of which are used for the Winter Series and seven are used for the Road and Track Series.

