

# **Special Purpose Financial Report**

Remuera Rackets Club Incorporated

For the year ended 28th February 2021

**Statement of Profit or Loss**  
**Remuera Rackets Club Incorporated**  
**For the year ended 28 February 2021**

	Notes	2020	2021
<b>Income</b>			
Bar Surplus	10	\$31,021.68	\$1,048.37
Court Hire & Visitors' Fees		\$11,311.04	\$5,603.88
Grants & Donations		-	\$26,425.00
Facilities Rental Income		\$67,136.39	\$59,643.24
Interest Received		\$2,489.89	\$3,892.58
Levies Recovered		\$1,088.02	
Sponsorship & Signage		\$46,124.85	\$20,307.07
Subscriptions		\$346,413.97	\$337,225.81
Sundry Income		\$949.41	\$1,902.99
<b>Total Income</b>		<b>\$506,535.25</b>	<b>\$456,048.94</b>
<b>Gross Profit</b>		<b>\$506,535.25</b>	<b>\$456,048.94</b>
<b>Plus Other Income</b>			
COVID-19 Wage Subsidy		\$0.00	\$46,288.80
<b>Total Other Income</b>		<b>\$0.00</b>	<b>\$46,288.80</b>
<b>Less Operating Expenses</b>			
ACC Levies		\$0.00	\$919.25
Accountancy, Audit & Legal Expenses		\$14,584.28	\$8,168.39
Advertising		\$0.00	\$0.00
Bad Debts		\$0.00	\$0.00
Bank Fees		\$2,018.00	\$1,465.19
Card Access System Expenses		\$0.00	\$6,019.50
Changing Room & Cleaning Supplies		\$33,700.63	\$32,931.29
Computer Expenses		\$761.10	\$4,800.97
Depreciation		\$42,041.31	\$39,440.37
Electricity & Gas		\$34,109.33	\$28,601.28
Equipment Lease - Fitness Centre		\$28,781.76	\$29,433.36
Events & Tournaments		\$3,501.11	\$2,669.86
Insurance		\$18,298.44	\$16,426.20
Rates		\$19,204.74	\$16,234.66
Repairs & Maintenance		\$87,774.35	\$31,101.80
Security		\$8,229.75	\$7,891.75
Squash Expenses		\$33,843.31	\$21,487.11
Squash Expenses - Cousin Shield / Mitchell Cup		\$1,549.25	\$0.00
Strategic Planning & Governance		\$4,900.00	\$0.00
Sundry Admin Expenses		\$7,300.39	\$7080.97
Sundry Fitness Centre Expenses		\$3,890.69	\$4,077.94
Telephone & Internet		\$4,161.88	\$4,397.47
Tennis Expenses		\$18,142.90	\$19,129.38
Tennis Expenses - Caro Bowl		\$1,216.39	\$255.65
Wages & Salaries		\$108,923.04	\$81,997.17
Wages & Salaries – Grounds		\$0.00	\$11,048.39
Website Hosting & Support		\$1,480.97	\$1,544.99
<b>Total Operating Expenses</b>		<b>\$478,413.62</b>	<b>\$377,122.94</b>

**Net Profit****\$28,121.63    \$125,214.80**

The above information must be read in conjunction with the notes to the financial statements.

**Statement of Movements in Equity**  
**Remuera Rackets Club Incorporated**  
**For the year ended 28 February 2021**

	2020	2021
<b>Equity</b>		
Opening Balance	\$1,361,258.80	\$1,389,380.43
<b>Increases</b>	28,121.63	\$125,214.80
Profit for the Period		
<b>Total Equity</b>	<b>1,389,380.43</b>	<b>\$1,514,595.23</b>

The above information must be read in conjunction with the notes to the financial statements

# Balance Sheet

Remuera Rackets Club Incorporated

As at 28 February 2021

	2020	2021
<b>Assets</b>		
<b>Current Assets</b>		
Accounts Receivable	\$4,448.36	\$5,715.27
Bank Accounts	\$168,519.66	\$297,093.81
Bar Stock	\$4,512.87	\$3,036.00
Prepayments	\$5,437.92	(\$0.01)
Term Deposits	\$112,584.75	\$151,629.68
<b>Total Current Assets</b>	<b>\$295,503.56</b>	<b>\$457,474.75</b>
<b>Fixed Assets</b>		
Fixed Assets at Cost	\$2,485,235.01	\$2,485,235.01
Less Accumulated Depreciation	\$1,333,767.95	\$1,373,208.32
<b>Total Fixed Assets</b>	<b>\$1,151,467.06</b>	<b>\$1,112,026.69</b>
<b>Total Assets</b>	<b>\$1,446,970.62</b>	<b>\$1,569,501.44</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accruals	\$41,006.16	\$37,251.94
GST Account	\$5,540.83	\$6,536.74
<b>Total Current Liabilities</b>	<b>\$46,546.99</b>	<b>\$43,788.68</b>
<b>Non-Current Liabilities</b>		
Rob Roche Development Fund	\$11,043.20	\$11,117.53
<b>Total Non-Current Liabilities</b>	<b>\$11,043.20</b>	<b>\$11,117.53</b>
<b>Total Liabilities</b>	<b>\$57,590.19</b>	<b>\$54,906.21</b>
<b>Net Assets</b>	<b>\$1,389,380.43</b>	<b>\$1,514,595.23</b>
<b>Equity</b>		
Accumulated Funds	\$1,389,380.43	\$1,514,595.23
<b>Total Equity</b>	<b>\$1,389,380.43</b>	<b>\$1,514,595.23</b>

For and on behalf of the Club:

Janet I. Clarke

CHAIRMAN

Date: 8/12/2021

[Signature]

TREASURER

Date: 6/12/2021

The above information must be read in conjunction with the notes to the financial statements.



## Property, Plant and Equipment Depreciation Schedule by Class

Remuera Rackets Club Incorporated  
For the year ended 29 February 2021

Asset Type	Opening Cost	Opening Accum Dep	Opening Value	Purchases	Closing Cost	Depreciation	Closing Accum Dep	Closing Value
Computer Hardware	22,829.82	22,698.93	130.89	0.00	22,829.82	102.28	22,801.21	28.61
Computer Software	8,625.00	8,590.48	34.52	0.00	8,625.00	17.26	8,607.74	17.26
Fixtures & Fittings	119,152.82	113,905.57	5,247.25	0.00	119,152.82	1,004.00	114,909.57	4,243.25
Floodlights	203,490.15	166,337.75	37,152.40	0.00	203,490.15	3,544.54	169,882.29	33,607.86
Gym Equipment	83,714.23	83,421.94	292.29	0.00	83,714.23	40.53	83,462.47	251.76
Gym Fitout	321,932.30	126,439.77	195,492.53	0.00	321,932.30	6,909.82	133,349.59	188,582.71
Land & Buildings	597,422.49	31,464.46	565,958.03	0.00	597,422.49	4,174.16	35,638.62	561,783.87
Pavilion & Squash Courts	903,168.47	561,389.23	341,779.24	0.00	903,168.47	22,029.60	583,418.83	319,749.64
Plant & Equipment	187,818.40	183,609.24	4,209.16	0.00	187,818.40	1,377.26	184,986.50	2,831.90
Security Equipment	37,081.33	35,910.58	1,170.75	0.00	37,081.33	240.92	36,151.50	929.83
<b>Total</b>	<b>2,485,235.01</b>	<b>1,333,767.95</b>	<b>1,151,467.06</b>	<b>0.00</b>	<b>2,485,235.01</b>	<b>39,440.37</b>	<b>1,373,208.32</b>	<b>1,112,026.69</b>

The above information must be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

Remuera Rackets Club Incorporated

For the year ended 28<sup>th</sup> February 2021

## 1. Reporting Entity

The financial statements presented here are for Remuera Rackets Club Incorporated (the Club). The Club is a society incorporated under the Incorporated Societies Act 1908. These financial statements are of special purpose and have been prepared in accordance with the specific accounting policies outlined below for the sole purpose of complying with the financial reporting requirements of the Incorporated Societies Act 1908. The accounting policies adopted may not conform with generally accepted accounting practice and accordingly the financial statements should only be relied on for the expressly stated purpose.

## 2. Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of the financial performance and financial position on a historical cost basis are followed.

## 3. Statement of Accounting Policies

The following specific accounting policies which materially affect the measurement of the financial performance and financial position have been applied.

### Revenue Recognition

Revenue in the Statement of Profit or Loss is accounted for as invoiced or as received. No adjustment has been made for revenue received in advance.

### Accounts Receivable

Accounts Receivable are stated at their estimated realisable value. Bad debts are written off in the year they are identified.

### Inventories

Inventories are recorded at the lower of cost, determined on an average cost basis, and net realisable value, after due allowance for damage and obsolescence.



### **Property, Plant and Equipment**

All property, plant and equipment is initially recorded at cost with depreciation being deducted on all tangible fixed assets other than freehold land, with depreciation rates being set by the committee.

The rates are:

Computer Hardware	40% SL, or 48% to 60% DV
Computer Software	48% or 50% DV
Fixtures and Fittings	7% SL, or 12.0% to 48% DV
Floodlights	8% to 10% DV
Gym Fit Out	2% to 6% SL, or 14.4% DV
Gym Equipment	30% SL, or 11.4% to 39.6% DV
Land and Buildings	0% to 10% SL
Pavilion and Squash Courts	2% to 10.2 SL, or 8% to 67% DV
Plant and Equipment	8.4% to 20% SL, or 10% to 48% DV
Security Equipment	20% SL to 21.6% DV

### **Operating Lease**

Operating leases are those where all risks and benefits incidental to ownership are retained by the lessor. Operating lease payments are expensed in the periods that the amounts are payable.

### **Income Tax**

The Club is exempt from Income Tax pursuant to Section CW 46 of the Income Tax Act 2007, which relates to bodies promoting amateur games and sports.

### **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.

### **Changes in Accounting Policies**

All policies have been applied on bases consistent with those used in previous years.

#### **4. Audit**

These financial statements have been audited, as per the accompanying auditor's report.

#### **5. Contingent Liabilities**

At balance date there are no known contingent liabilities (2020: \$ Nil).

## **6. Securities Granted**

The Club had granted the following securities as at balance date:

- a. Registered first mortgage over property situated at 17 Dilworth Avenue, Remuera, Auckland
- b. Collateral over liquor and associated products supplied by Lion NZ Limited (Lion), and plant and equipment for the use in storage, refrigeration, and/or dispensing of beverages supplied by Lion
- c. Collateral over EFTPOS/retail radio products and accessories and consumables supplied by Smartpay Rental Services Limited
- d. Collateral over alcoholic and non-alcoholic beverage kegs, beer systems and taps, point of sale material, signage, fridges, cool room, umbrellas, and other property supplied by Independent Liquor (NZ) Limited
- e. Collateral over 13 items of gym equipment supplied by Life Fitness and financed by Asset Resources Limited
- f. Collateral over two indoor rowing machines supplied by Concept Ergo Limited
- g. Collateral over two EFTPOS terminals financed by Finance Now Limited
- h. Letter of credit issued to iPayroll Limited for \$11,700
- i. Collateral over liquor supplied by Hancocks Wine Spirits and Beer Merchants Limited and its related companies

## **7. Land and Buildings**

The Club's premises comprising freehold land and buildings were valued by Auckland Council as at 1 July 2017 at \$5,300,000 on the basis of continued use as a Tennis and Squash facility.

## **8. Rob Roche Development Fund**

Funds donated by Rob Roche during the 2015 financial year for the development of young tennis and squash players have been set aside in a separate on-call interest bearing deposit account. These funds are not refundable should the project not proceed. The balance of the fund as at 28 February 2021 is \$11,117 (2020: \$11,043).

## **9. Commitments**

There are no capital commitments at balance date.

## **10. Subsequent Events**

In May 2021, the Club was bequeathed \$250,000 from a member's estate (2020: \$NIL)

## 11. Bar Surplus

Bar surplus comprises:

	2020	2021
	\$	\$
Income	196,327	131,155
Less Expenses	<u>165,306</u>	<u>130,107</u>
<b>Bar Surplus</b>	<b>31,021</b>	<b>1,048</b>



# Lennie & Associates

## Chartered Accountants

Level One  
10 Manukau Road  
Newmarket  
Auckland 1023  
PO Box 128-246  
Remuera, Auckland 1541  
New Zealand

Mobile: +64 27 274 6663  
email: [service@lennie.co.nz](mailto:service@lennie.co.nz)

### INDEPENDENT AUDITOR'S REPORT

## To the Members of Remuera Rackets Club Incorporated

#### Qualified Opinion

We have audited the special purpose financial report (financial report) of Remuera Rackets Club Incorporated on pages 2 to 11, which comprise the balance sheet as at 28 February 2021, and the statements of profit or loss and movements in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are prepared, in all material respects, in accordance with the accounting policies stated in Notes 1 to 3.

#### Basis for Qualified Opinion

##### Cash-based income streams

In both the current and prior financial years, controls over cash-based income streams prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. As a consequence, we were unable to determine whether any adjustments to these amounts were necessary.

##### Bar expenses

We were unable to obtain sufficient appropriate audit evidence about whether bar expenses in the statement of profit and loss was fairly stated because invoices were not provided for 2 of the 6 transactions selected for testing. Invoices were not attached to the relevant transactions in the accounting system as we would expect. Management told us this was because of a change in personnel around the time the transactions occurred and a temporary breakdown in process, and they were unable to retrieve hard copies because access to the office was restricted during the COVID-19 lockdown. As a consequence, we were unable to determine whether any adjustments to these amounts were necessary.

##### Wages & salaries expense

We were unable to obtain sufficient appropriate audit evidence about whether wages & salaries in the statement of profit and loss was fairly stated because employment agreements to support the salaries paid during the year were not provided for two of the three permanent employees we selected for testing, and other changes to terms and conditions of employment during the year were not formally documented. As a consequence, 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 Special Purpose Financial Report section of our report. We are independent of Remuera Rackets Club Incorporated in accordance with Professional and Ethical Standard 1 'International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)' 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 qualified opinion.

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

### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for compliance with the Incorporated Societies Act 1908. As a result, the financial statements may not be suitable for another purpose.

### **Executive Committee's Responsibility for the Financial Statements**

The Executive Committee is responsible on behalf of the entity for determining that the Generic Special Purpose framework adopted is acceptable in Remuera Rackets Club Incorporated's circumstances, the preparation of the financial report, and for such internal control as the Executive Committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Committee is responsible on behalf of the entity for assessing the entity'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 Executive Committee either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Special Purpose Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 report, 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 entity's internal control.



- conclude on the appropriateness of the use of the going concern basis of accounting by the Executive 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 entity'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 report 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 entity 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 Executive 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.



Lennie & Associates  
Auckland  
14 December 2021