



Taupo R S A Club Incorporated (Group)



2016 Performance Report

Taupo R S A Club Incorporated (Group)

Contents of Performance Report

For the Year Ended 31 December 2016

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Taupo R S A Club Incorporated (Group)

Entity Information

As at 31 December 2016

Legal Name of Entity Taupo Returned Services Association Incorporated

| | |
|--|--|
| Entity's Purpose or Mission | The group's purpose is to pursue the aims and objectives of the RNZRSA; (a) to loyally uphold the sovereignty of New Zealand as a member of the Commonwealth of Nations; (b) to foster and maintain the welfare and security of New Zealand within the concept of the establishment and maintenance of international peace with honour; (c) to inculcate in the individual a sense of responsibility to his fellow citizens, his local community, and for the well being of mankind; (d) to perpetuate the comradeship born of service and to promote the general well being of servicemen and of former servicemen and their respective dependants; (e) to promote, foster, and generally supervise branches of the local Association; (f) to pursue the resolutions of the National Council of RNZSA |
| Address | 67 Horomatangi Street TAUPO 3330 |
| Entity Structure | The Executive Committee comprises a President, Immediate Past President (with no voting rights for 12 months), Treasurer plus five other members. The Club employs staff to carry out its financial and operational duties. |
| Main Sources of Cash and Resources | The Club receives gaming machine proceeds, sales proceeds from the bar and restaurant, and membership subscriptions. The Association receives Poppy Day funds, donations and cemetery funding. |
| Main Methods Used to Raise Funds | The Association collects Poppy Day Funds by way of street collections and donation boxes. |
| Entity's Reliance on Volunteers and Donated Goods or Services | The Association relies on volunteers for the collection of Poppy Day funds. The Association also owns a number of donated mobility scooters. |
| Other Name of Entity | Taupo RSA Club and Taupo Returned Services Association Incorporated |
| Type of Entity | Incorporated Society |
| Registration Number | 214225 |
| Postal Address | P O Box 290, Taupo 3351 |
| Phone/Fax/Email/Website | 07 378 7476 tauporsa@xtra.co.nz |

Taupo R S A Club Incorporated (Group)

Statement of Service Performance

For the Year Ended 31 December 2016

Description of the Entity's Outcomes

The key outcome in terms of the operations of the Taupo RSA Club and the Taupo RSA Association is to perpetuate the comradeship born of service and to promote the general well being of servicemen and of former servicemen and their respective dependents. Refer to Entity information for other outcomes.

Number of members

707

Authorised purposes donations

\$935

Gaming authorised purposes payments as % of gaming proceeds

46.62%

Grants paid from Welfare and Poppy accounts

\$9,586

Taupo R S A Club Incorporated (Group)

Divisional Statement of Financial Performance

For the Year Ended 31 December 2016

| | Note | 2016 | 2015 |
|-----------------------------------|------|----------------|----------------|
| | | \$ | \$ |
| BAR AND CLUB | | | |
| Operating Revenue | | | |
| Liquor Sales | | 150,569 | 134,988 |
| Cigarette/Lighter Sales | | 16,055 | 15,657 |
| Raffle Sales | | 9,894 | 9,303 |
| Sporting Activities Receipts | | 97 | 127 |
| Social Activities Receipts | | 11,800 | 10,598 |
| Food Sales | | 1,097 | 1,105 |
| Coffee Sales | | 2,712 | 3,987 |
| Merchandise | | 571 | 5,005 |
| Badges/Key Rings | | - | 56 |
| Donations Received | | 2,055 | 6,800 |
| Interest Received | | 13 | 608 |
| Commission Received | | 2,701 | 505 |
| Sundry | | 40 | 185 |
| Subscriptions | | 10,374 | 11,297 |
| Total Income | | 207,978 | 200,221 |
| Less Cost of Sales | | | |
| Liquor Purchases | | 52,530 | 54,185 |
| Cigarette/Lighter Purchases | | 14,703 | 13,988 |
| Coffee Purchases | | 1,013 | 1,187 |
| Raffle Purchases | | 217 | 463 |
| Social Expenses | | 20,955 | 23,050 |
| Food Purchases | | 752 | 607 |
| Merchandise | | 203 | 2,786 |
| Total Cost of Sales | | 90,373 | 96,266 |
| Gross Surplus from Trading | | 117,605 | 103,955 |
| Less Direct Costs | | | |
| Bar Expenses | | 813 | 766 |
| Bar Hospitality | | 1,378 | 1,125 |
| Repairs and Maintenance | | 1,562 | 1,344 |
| Wages and Allowances | | 120,647 | 107,808 |
| Total Direct Costs | | 124,400 | 111,043 |
| Gross Deficit | | (6,795) | (7,088) |
| Less Expenses | | | |
| Overhead Expenses | | | |
| Accident Compensation Levies | | 1,267 | 1,578 |
| Bank Fees | | 355 | 407 |
| Committee and Conference Expenses | | 1,100 | 3,750 |
| Credit Card and Eftpos Charges | | 1,022 | 996 |
| Depreciation | | 13,778 | 15,294 |
| General Expenses | | 469 | 218 |
| Interest | | 952 | 1,104 |
| IRD Penalties | | 2,780 | - |
| Permits and Licences | | 1,070 | 1,281 |

Taupo R S A Club Incorporated (Group)

Divisional Statement of Financial Performance (continued)

For the Year Ended 31 December 2016

| | Note | 2016 | 2015 |
|-----------------------|------|-----------------|-----------------|
| | | \$ | \$ |
| Security | | 235 | 313 |
| Taxi Service (Net) | | 324 | 863 |
| Telephone | | 337 | 276 |
| Total Expenses | | 23,689 | 26,080 |
| Deficit | | (30,484) | (33,168) |

Taupo R S A Club Incorporated (Group)

Divisional Statement of Financial Performance (continued)

For the Year Ended 31 December 2016

| Note | 2016 \$ | 2015 \$ |
|--|----------------|----------------|
| GAMING | | |
| Operating Revenue | | |
| Gaming Machine Proceeds | 241,831 | 268,922 |
| Interest Received | 13 | 92 |
| Insurance Proceeds Received | 2,947 | - |
| | 244,791 | 269,014 |
| Gross Surplus from Trading | | |
| Less Direct Costs | | |
| Advertising | 1,181 | 1,205 |
| Conference Costs | 670 | 355 |
| Depreciation Gaming Equipment | 5,169 | 4,797 |
| Gaming Machine Duty | 55,509 | 61,942 |
| General Expenses | 873 | 2,132 |
| IRD Penalties | 1,843 | - |
| Interest | 1,290 | 442 |
| License Fees - Venue Gaming Machine Fees | 12,638 | 8,579 |
| License Fees - Venue Annual Fee | 12,409 | 8,044 |
| Loan Fees | 580 | 25 |
| Problem Gambling Levy | 3,638 | 4,051 |
| Rental/Lease Fees | 1,338 | 1,535 |
| Salary and Wages | 28,412 | 37,643 |
| Service and Repair | 8,018 | 2,110 |
| Subscriptions | 2,982 | 1,827 |
| Total Direct Costs | 136,550 | 134,687 |
| | 108,241 | 134,327 |
| Gross Surplus | | |
| Less Expenses | | |
| Other Direct Costs | | |
| Accountancy Fees | 4,325 | 5,045 |
| Audit Fees | 2,641 | 2,641 |
| Electricity and Gas | 4,972 | 5,628 |
| Insurance | 2,534 | 3,687 |
| | 14,472 | 17,001 |
| Overhead Expenses | | |
| Accountancy | 4,125 | 4,370 |
| Advertising | 3,748 | 5,488 |
| ANZAC/Poppy Expenditure | - | 157 |
| Audit Fees | 2,640 | 2,640 |
| Bank Fees | 226 | 180 |
| Cleaning and Rubbish | 1,996 | 3,072 |
| Committee and Conference Expenses | 326 | 469 |
| Donations | 935 | 425 |
| Electricity and Gas | 14,917 | 16,884 |
| General Expenses | 386 | 468 |
| Insurance | 10,756 | 13,074 |
| Interest | 1,272 | 1,368 |
| Licences and Permits | 471 | 1,618 |

These financial statements are to be read in conjunction with the accompanying Notes and the auditors report.

Taupo R S A Club Incorporated (Group)

Divisional Statement of Financial Performance (continued)

For the Year Ended 31 December 2016

| | Note | 2016 | 2015 |
|-------------------------|------|-----------------|-----------------|
| | | \$ | \$ |
| Loan Fees | | - | 25 |
| Memberships | | 7,581 | 8,271 |
| Printing and Stationery | | 4,364 | 5,934 |
| Rates | | 13,834 | 12,990 |
| Rent - Taupo RSA Trust | | 13,160 | 9,180 |
| Repairs and Maintenance | | 4,152 | 7,189 |
| Security | | 4,413 | 4,459 |
| Sky Television | | 6,653 | 6,537 |
| Subscriptions | | 622 | 687 |
| Telephone | | 3,267 | 4,487 |
| Uniforms | | 26 | - |
| Wages and Salaries | | 14,246 | 18,821 |
| | | 114,116 | 128,793 |
| Total Expenses | | 128,588 | 145,794 |
| Deficit | | (20,347) | (11,467) |

Taupo R S A Club Incorporated (Group)

Divisional Statement of Financial Performance (continued)

For the Year Ended 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|---------------------------------------|------|----------------|------------|
| RESTAURANT | | | |
| Operating Revenue | | | |
| Sales Restaurant | | 61,454 | - |
| Less Cost of Sales | | | |
| Restaurant Purchases | | 25,245 | - |
| Gross Surplus from Trading | | 36,209 | - |
| Less Direct Costs | | | |
| Restaurant Hospitality | | 561 | - |
| Wages and Allowances | | 32,126 | - |
| Total Direct Costs | | 32,687 | - |
| Gross Surplus | | 3,522 | - |
| Less Expenses | | | |
| Overhead Expenses | | | |
| Advertising | | 209 | - |
| Cleaning and Laundry | | 1,376 | - |
| Credit Card and Eftpos Charges | | 369 | - |
| Electricity and Gas | | 3,986 | - |
| General Expenses | | 582 | - |
| IRD Penalties | | 516 | - |
| Repairs, Replacements and Maintenance | | 2,331 | - |
| Telephone | | 683 | - |
| Uniforms | | 119 | - |
| Total Expenses | | 10,171 | - |
| Deficit | | (6,649) | - |

Taupo R S A Club Incorporated (Group)

Divisional Statement of Financial Performance (continued)

For the Year Ended 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|-----------------------------------|------|----------------|---------------|
| ASSOCIATION | | | |
| Operating Revenue | | | |
| Cemetery Grants | | 2,318 | 2,137 |
| Donations Received | | 1,686 | 2,549 |
| Interest Received | | 88 | 139 |
| Poppy Day Funds | | 15,280 | 23,121 |
| | | 19,372 | 27,946 |
| Gross Surplus from Trading | | | |
| Less Expenses | | | |
| Overhead Expenses | | | |
| Audit Fees | | 858 | 858 |
| Bank Fees | | 50 | 50 |
| Cemetery Expenses | | 2,261 | 2,412 |
| Depreciation | | 3,072 | 3,124 |
| General Expenses | | - | 35 |
| Mobility Scooter Expenses | | 2,458 | 2,574 |
| Poppy Day Expenses | | 2,541 | 2,251 |
| Grants | | 9,586 | 6,853 |
| Hospital Visits, Transport | | 98 | 360 |
| Welfare, Pension Expenses | | 785 | 1,123 |
| | | 21,709 | 19,640 |
| | | (2,337) | 8,306 |

Taupo R S A Club Incorporated (Group)

Statement of Changes in Accumulated Funds

For the Year Ended 31 December 2016

| | 2016 | 2015 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Revenues and Expenses | | |
| Net Deficit | (59,817) | (36,330) |
| Total Recognised Revenues and Expenses | (59,817) | (36,330) |
| Accumulated Funds at the Beginning of the Year | 28,178 | 64,507 |
| Accumulated Funds at the End of the Year | (31,640) | 28,178 |

Taupo R S A Club Incorporated (Group)

Statement of Financial Position

As at 31 December 2016


| | Note | 2016 \$ | 2015 \$ |
|--|------|-----------------|----------------|
| Current Assets | | | |
| Cash and Bank Balances | 2 | 45,946 | 45,639 |
| Accounts Receivable | | 100 | - |
| Stock on Hand | | 7,492 | 5,408 |
| Total Current Assets | | 53,538 | 51,047 |
| Non Current Assets | | | |
| Property, Plant and Equipment | 3 | 56,963 | 64,979 |
| Total Assets | | 110,501 | 116,026 |
| Current Liabilities | | | |
| Accounts Payable | | 20,374 | 10,441 |
| Subscriptions Received in Advance | | 5,256 | 5,695 |
| Gaming Duty Payable | | 17,267 | 6,297 |
| PAYE Payable | | 17,069 | 2,791 |
| Snooker and 8 Ball Club Bank Funds | | 2,099 | 2,379 |
| Current Portion of Term Liabilities | | 30,096 | 16,086 |
| GST Payable | | 9,454 | 2,890 |
| Provision for Holiday Pay | | 8,029 | 7,754 |
| Total Current Liabilities | | 109,644 | 54,333 |
| Non Current Liabilities | | | |
| Taupo RSA Trust | 4 | 14,335 | 23,181 |
| Taupo RSA Trust - Rent Debt | 4 | 19,181 | 22,025 |
| Fee Smart | 4 | 4,150 | 4,396 |
| Gaming License Loan (from a Club Member) | 4 | 10,770 | - |
| Dorchester Finance Jackpot System One Link | 4 | 14,157 | - |
| Less Current Portion of Term Liabilities | | (30,096) | (16,086) |
| Total Non Current Liabilities | | 32,496 | 33,516 |
| Total Liabilities | | 142,141 | 87,848 |
| Net Liabilities | | (31,640) | 28,178 |

Taupo R S A Club Incorporated (Group)

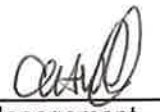
Statement of Financial Position (continued)

As at 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|---------------------------------------|------|-----------------|---------------|
| Accumulated Funds | | | |
| (Accumulated Losses) Retained Profits | 5 | (31,640) | 28,178 |
| Total Accumulated Funds | | (31,640) | 28,178 |


 Board of Management

Date 30/03/2017


 Board of Management
 Treasurer

Date 30/03/2017

Taupou R S A Club Incorporated (Group)

Statement of Cash Flows

For the Year Ended 31 December 2016

| Note | 2016 | 2015 |
|---|----------------|-----------------|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Cash was received from: | | |
| Fees, subscriptions and other receipts from members | 508,669 | 461,516 |
| Donations, fund raising and other similar receipts | 21,339 | 34,607 |
| Interest receipts | 114 | 839 |
| | 530,122 | 496,962 |
| Net GST | 7,986 | (2,156) |
| Cash was applied to: | | |
| Payments to suppliers and employees | 524,924 | 500,896 |
| Donations or grants paid | 11,585 | 8,540 |
| | 536,509 | 509,436 |
| Net Cash Flows from Operating Activities | 1,599 | (14,630) |
| Cash Flows from Investing and Financial Activities | | |
| Cash was received from: | | |
| Investments Matured | - | 27,373 |
| Sales of property, plant and equipment | 368 | 231 |
| Proceeds from loans borrowed from other parties and members | 39,858 | 12,430 |
| | 40,226 | 40,034 |
| Cash was applied to: | | |
| Payments to acquire property, plant and equipment | 14,371 | 9,266 |
| Repayments of loans borrowed from other parties and members | 27,148 | 30,238 |
| | 41,519 | 39,504 |
| Net Cash Flows from Investing and Financial Activities | (1,293) | 530 |
| Net Decrease in Cash Held | 306 | (14,100) |
| Cash at the Beginning of the Year | 45,640 | 59,739 |
| Cash at the End of the Year | 45,946 | 45,639 |
| This is represented by: | | |
| Cash and Bank Balances | 45,946 | 45,639 |

1 Statement of Accounting Policies

Reporting Entity

Taupo RSA Club Incorporated is a club, registered under the Incorporated Societies Act 1908.

The financial statements of the Taupo RSA Club Inc are general purpose financial statements which have been prepared according to Generally Accepted Accounting Practice in New Zealand (NZGAAP), as required under Section 108 of the Gambling Act 2003.

The Taupo RSA Club controls the Taupo RSA Association Inc. This performance report is consolidated at group level

Statement of Compliance and Basis of Preparation

Taupo R S A Club Incorporated (Group) is eligible to apply Tier 3 PBE Accounting Standards : PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit), on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. The club has elected to report in accordance with PBE SFR-A (NFP). All transactions in the Performance Report are reported using the accrual basis of accounting.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the club, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest dollar.

For the Year Ended 31 December 2016

Ability to Continue as a Going Concern

As at 31st December 2016, the Club had a working capital deficit of \$56,106, a negative equity position of \$31,639, and a net deficit result for the year of \$59,817. These facts indicate that a material uncertainty exists that may cast doubt on the Club's ability to continue as a going concern.

The considered view of the Executive Committee and the Board of Management is that, after making enquiries, they have a reasonable expectation that the Club has adequate resources to continue operations for the foreseeable future (at least one year from the date of signing this performance report). For this reason, the Executive Committee and the Board of Management continues to adopt the going concern assumption in preparing the financial statements for the year ended 31st December 2016.

The use of the going concern assumption is dependent on the key considerations as set out below:

In March 2017 subject to legal review at the date of signing this performance report, the Executive Committee has appointed a Board of Management to undertake the role of Administrator as defined in the Companies Act 1993 (there being no legislative model for administration of an incorporated society). The Board is devolved all the powers, duties and responsibilities of the Executive Committee in accordance with Clause 33 of the Club's rules. The members of the Board are Garry Lough (Club Member and Trustee of the Taupo RSA Trust Inc) and Richard Cairns (Club Member). A third member may be appointed to the Board. The Board will continue in operation until the Association and the Club are financially solvent and as agreed by the Joint Committee of the Executive Committee and the Taupo RSA Trust Inc.

A Joint Committee comprising members of the Executive Committee of the Club and the Trustees of the Taupo RSA trust has been established, to provide governance and an Executive Authority over the Board of Management. This Committee can replace members of the Board or dissolve the Board entirely.

The Taupo RSA Trust has agreed to roll over the Club's lease on a month by month basis after its final expiry date of 30 June 2017. The lease will be reviewed in January 2018.

The Taupo RSA Trust has agreed to defer the Club's rent for a period of three months, with the rent to accrue on the Trust's loan to the Club.

The Taupo RSA Trust has agreed to lend the Club \$15,000 for the renewal of its gaming license, to be repaid over three years at an interest rate of 3.7%.

The renewal of the Club's gaming license is subject to the DIA's review of the Club's historical and projected financial information.

The Taupo RSA Trust has agreed to provide an unspecified line of credit to the Club for items of expenditure, to be reviewed by the Trust Board on a case by case basis. Each drawdown will incur an interest rate of 3.7% over a total period of three years.

The Taupo RSA Trust has provided a Letter of Comfort that it will not demand any repayments of its loans to the Club, over and above the monthly repayments that the Club is currently making, for a period of 12 months from the date of signing this performance report.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

(a) Revenue Recognition

Revenue comprises amounts received and receivable by the business for goods and services supplied in the ordinary course of business.

(b) Expenses

Expenses have been classified on their business function.

Taupo R S A Club Incorporated (Group)

Notes to and forming part of the Performance Report (continued)

For the Year Ended 31 December 2016

(c) Inventories

Inventories are recognised at lower of cost and net realisable value, determined on a first-in first-out basis.

(d) Trade Receivables

Trade Receivables are recognised at estimated realisable value.

(e) Property, Plant and Equipment

Property, Plant and Equipment is recognised at cost less aggregate depreciation. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance are recognised as expenses in the Statement of Financial Performance in the financial period in which they are incurred.

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

Gains and losses on disposal of fixed assets are taken into account in determining the net result for the year.

(f) Income Tax

Interest received and restaurant lease are gross taxable income but after allowing for deductions, the Club has nil net taxable income. Transactions from within the circle of membership are non-taxable.

(g) Goods and Services Taxation (GST)

The club is registered for GST. The Financial Statements have been prepared on a GST exclusive basis except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. Accounts Receivable and Accounts Payable are disclosed inclusive of GST.

(h) Bank Accounts and Cash

Bank accounts and cash comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

(i) Consolidation

The performance report has been prepared in a consolidated basis for the first time this year in accordance with the requirement of PBE IPSAS 6(PS). There have been no other changes in accounting policies.

(j) Changes in Accounting Policies

The club transitioned on 1 January 2016 to general purpose financial reporting in accordance with PBE SFR-A (NFP). The transition had minimal impact on the accounting policies of the club, other than the consolidation of the group as set out below.

All other accounting policies were applied consistently during the year.

Taupo R S A Club Incorporated (Group)

Notes to and forming part of the Performance Report (continued)

For the Year Ended 31 December 2016

2 Cash and Bank Balances

Cash Balances

Cash on Hand - Bar and Tills
Cash on Hand - Gaming

Bank Account Balances

ANZ Bank New Zealand Ltd - Club and Bar
00
ANZ Bank New Zealand Ltd - Gaming
Account 02
Westpac NZ Ltd- Service/Association Welfare
Account
Westpac NZ Ltd - Poppy Account
ANZ Bank New Zealand Ltd - Online Savings
Account
ANZ Bank New Zealand Ltd - 06 Snooker
Section
ANZ Bank New Zealand Ltd - 07 8 Ball Club
ANZ Bank New Zealand Ltd - Restaurant 08
Account
ANZ Bank New Zealand Ltd - Depreciation 09
Account

| | 2016 | 2015 |
|-------------------------------------|---------------|---------------|
| | \$ | \$ |
| | 3,265 | 2,508 |
| | 9,484 | 9,758 |
| | 12,749 | 12,266 |
| | 3,669 | 4,750 |
| | 5,591 | 4,334 |
| | 2,964 | 3,109 |
| | 17,459 | 16,762 |
| | 10 | 10 |
| | 2,067 | 1,891 |
| | 32 | 488 |
| | 1,372 | - |
| | 33 | 2,029 |
| | 33,197 | 33,373 |
| Total Cash and Bank Balances | 45,946 | 45,639 |

3 Property, Plant and Equipment

| | Opening Carrying Amount | Purchases / (Sales or Disposals) | Depreciation & Impairment | Closing Carrying Amount |
|--|--|---|--|--|
| | \$ | \$ | \$ | \$ |
| Property, Plant and Equipment 2016 | | | | |
| Land and Buildings | 27,334 | - | 6,031 | 21,303 |
| Plant and Equipment | 67,064 | 3 | 10,526 | 12,246 |
| Furniture & Fittings | 2,218 | - | 290 | 1,366 |
| Gaming Machines and Equipment | 13,216 | 14,000 | 5,168 | 22,048 |
| Total Property, Plant and Equipment | 109,832 | 14,003 | 22,015 | 56,963 |

Taupo R S A Club Incorporated (Group)

Notes to and forming part of the Performance Report (continued)

For the Year Ended 31 December 2016

| | Opening Carrying Amount | Purchases / (Sales or Disposals) | Depreciation & Impairment | Closing Carrying Amount |
|--|--|---|--|--|
| Property, Plant and Equipment 2015 | \$ | \$ | \$ | \$ |
| Land and Buildings | 33,647 | - | 6,312 | 27,335 |
| Plant and Equipment | 85,850 | 8,065 | 12,013 | 22,770 |
| Furniture & Fittings | 2,472 | 970 | 321 | 1,657 |
| Gaming Machines and Equipment | 18,013 | - | 4,796 | 13,217 |
| Total Property, Plant and Equipment | 139,982 | 9,035 | 23,442 | 64,979 |

4 Term Loans as Scheduled

| | 2016 | 2015 |
|---|---------------|---------------|
| | \$ | \$ |
| Taupo RSA Trust | | |
| Total Outstanding | 14,335 | 23,181 |
| Monthly Payment \$800 Interest Rate 3.94% Final Payment Due July 2018 | | |
| Taupo RSA Trust - Rent Debt | | |
| Total Outstanding | 19,181 | 22,025 |
| Monthly Payment \$305 Interest Rate 3.94% Final Payment Due August 2019 | | |
| Fee Smart | | |
| Total Outstanding | 4,149 | 4,396 |
| Monthly Payment \$865 Final Payment Due May 2017 | | |
| Gaming License Loan (from a Club Member) | | |
| Total Outstanding | 10,770 | - |
| Monthly Payment \$500. Final Payment October 2018 | | |
| Dorchester Finance Jackpot System One Link | | |
| Total Outstanding | 14,157 | - |
| Monthly Payment \$801. Final Payment August 2018 | | |
| Total Term Loans as Scheduled | 62,592 | 49,602 |

Taupo R S A Club Incorporated (Group)

Notes to and forming part of the Performance Report (continued)

For the Year Ended 31 December 2016

| 5 Accumulated Losses | 2016 | 2015 |
|--|-----------------|---------------|
| | \$ | \$ |
| Opening Balance | 28,178 | 64,508 |
| Less: | | |
| Deficit for the Year | 59,817 | 36,330 |
| Total (Accumulated Losses) Retained Profits | (31,639) | 28,178 |

There was nil of undistributed gaming funds at 31st December 2016 (2015 \$17,429).

6 Operating Lease

There are no lease commitments at balance date other than the premises rent of \$1,500 per month to the Taupo RSA Trust. The lease term was brought forward to a final expiry date of 30 June 2017, by way of a Deed of Variation of Lease. The Taupo RSA Trust has agreed to roll over the lease on a month by month basis after this date, with the lease to be reviewed in January 2018.

7 Related Party Transactions

Except for rentals paid to the Taupo RSA Trust of \$13,160 (2015 \$9,180), and interest paid and loan amounts as outlined in Note 4 above, there have been no material related party transactions during the financial year for which these financial statements are prepared.

8 Gaming Distributions

The Gaming authorised purposes payments were 46.62% (2015 47.87%) of Gaming proceeds. This is acceptable in that it exceeds 37.12%.

9 Significant Donated Assets not Recorded

Mobility scooters donated to the Association, brought in at negligible value.

10 Commitments

Other than the lease commitments disclosed in Note 6 above, the trust has no commitments as at 31 December 2016, (2015 Nil).

11 Contingent Liabilities and Guarantees

Since balance date, the Club has received late from a supplier accounts for payment dating back to 2013 that total \$5,778 plus GST for the period up to 31st December 2016. The accounts are currently being disputed by the Club under the direction of its recently appointed Board of Management. Otherwise the Club has no contingent liabilities and no guarantees as at 31st December 2016. (2015: Contingent Liabilities Nil. Guarantees Nil.)

12 Events Occurring After Balance Date

Other than the events noted in the Going Concern note, there were no events that have occurred after the balance date that would have a significant impact on the Performance Report. (Last Year - Nil).

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of Taupo RSA Club Incorporated

Report on the Performance Report

Opinion

We have audited the performance report of Taupo RSA Club Incorporated (Group) on pages 4 to 20, which comprise the entity information, the statement of service performance, the statement of financial performance, the statement of cash flows and the statement of movements in general funds for the year ended 31 December 2016, the statement of financial position as at 31 December 2016, the statement of accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable; and
- the performance report on pages 4 to 20 present fairly the financial position of Taupo RSA Club Incorporated (Group) as at 31 December 2016 and its financial performance and cash flows for the year ended on that date in accordance with the requirements of Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Control over the cash revenues collected from restaurant sales, Poppy Day funds and donations prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Our audit opinion is qualified in respect of this matter.

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of movements in general funds, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISEA (NZ) 3000 (Revised). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report is free from material misstatement.

Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Performance report section of our report.

We are independent of the Society 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, Taupo RSA Club Incorporated.

Restriction on responsibility

This report is made solely to the Executive Committee as a body, in accordance with section 39 of the Society's rules and section 108A of the Gambling Act 2003. Our audit work has been undertaken so that we might state to the Executive Committee 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 Executive Committee as a body, for our audit work, for this report, or for the opinions we have formed.

Material Uncertainty Related to Going Concern

As explained more fully in Note 1 to the performance report, the Society had a working capital deficit and negative equity at 31 December 2016, and had made a significant loss for the year then ended. These facts indicate that a material uncertainty exists that may cast doubt on the Society's ability to continue as a going concern. The use of the going concern assumption is dependent on a number of key considerations, as set out in Note 1. Our audit opinion is not qualified in respect of this matter.

Executive Committee's Responsibility for the Performance report

The Executive Committee is responsible for:

- identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- the preparation and fair presentation of the performance report which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of movements in general funds, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- for such internal control as the Executive Committee determines is necessary to enable the preparation of a performance report that are free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Executive Committee is responsible 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 Executive Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance report

Our objectives are to obtain reasonable assurance about whether the performance report 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) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance 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 Society'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 Society'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 performance 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 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 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.

Our audit was completed on 30th March 2017 and our qualified opinion is expressed as at that date.

The engagement partner on the audit resulting in this independent auditor's report is Kirsten Dixon.

A handwritten signature in black ink, appearing to be 'Kirsten Dixon', written in a cursive style.

Kirsten Dixon
DIXON&CO
Chartered Accountants
Taupo, New Zealand

30th March 2017