



**Taupo Returned Services Association
Incorporated**



2018 Performance Report



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND



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Taupo Returned Services Association Incorporated

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For the Year Ended 31 December 2018

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Taupo Returned Services Association Incorporated

Entity Information

As at 31 December 2018

Taupo Returned Services Association Incorporated is an incorporated society, registered under the Incorporated Societies Act 1908.

Entity's Purpose or Mission

The Taupo RSA'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 Board of Management comprises two members. The Association employs staff to carry out its financial and operational duties.

Main Sources of Cash and Resources

The Association receives gaming machine proceeds, sales proceeds from the bar and restaurant, membership subscriptions, donations and cemetery funding.

Main Methods Used to Raise Funds

The Association undertook trading and Membership social activities.

Entity's Reliance on Volunteers and Donated Goods or Services

The Association relied on volunteers to undertake support work for its membership, and welfare services. The Association also owns a number of donated mobility scooters.

Type of Entity

Incorporated Society

Registration Number

214225

Postal Address

P O Box 290, Taupo 3351

Phone/Fax/Email/Website

07 378 7476
admin@tauporsa.co.nz

Accountants

Stretton & Co Ltd
Chartered Accountants
44 Heuheu Street
Taupo

Taupo Returned Services Association Incorporated

Statement of Service Performance

For the Year Ended 31 December 2018

Description of the Entity's Outcomes

The key outcome in terms of the operations of the Taupo RSA 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 full members

2018	157
2017	587

Gaming Direct and Overheads expenditure

2018	\$79,117
2017	\$79,748

Gaming direct and overheads expenditure as % of gaming proceeds

2018	86.5
2017	35.5

Grants paid from Welfare Funds

2018	\$361
2017	\$729

Taupo Returned Services Association Incorporated

Statement of Financial Performance

For the Year Ended 31 December 2018

	Notes 1.c.(4)	2018	2017
BAR			
Operating Revenue			
Bar		62,753	142,408
Refreshments		1,539	3,457
Merchandise		45	0
Total Revenue		64,337	145,865
Less Cost of Sales			
Bar		30,416	51,032
Refreshments		818	1,719
Total Cost of Sales		31,234	52,751
Gross Surplus (Deficit) from Trading		33,103	93,114
Less Direct Costs			
Bar Expenses		1,137	1,096
CC & ATM Fees		302	678
Depreciation		261	291
General Expenses		642	362
Hospitality		37	1,043
Insurance - Stock		1,535	0
Licenses & Permits		870	1,190
Repairs & Maintenance		166	3,381
Wages		35,810	55,348
		40,759	63,389
Gross Surplus (Deficit)		(7,656)	29,725
Gross Deficit %		(11.9%)	20.4%
GAMING	1.c.(4)		
Operating Revenue			
Gaming Machine Proceeds		91,512	224,562
Total Income		91,512	224,562
Less Costs on Income			
Gaming Machine Duty		21,063	52,321
License Fees - Gaming Machines		7,245	12,707
License Fee - Annual		7,107	12,991
Problem Gaming Levy		1,372	3,401
Total Costs on Income		36,787	81,420
Gross Surplus (Deficit) from Trading		54,725	143,142
Less Direct & Overhead Costs			
Direct Costs			
Bank Fees		391	30
Cleaning & Rubbish		687	369
Communications		464	1,088
Conference Costs		0	122
Depreciation		0	11,960
Energy		1,478	3,042
General Expenses		618	318
Insurance		1,535	0
Printing & Stationery		569	467
Security		1,720	0
Servicing, Repairs & Maintenance		11,673	16,717
Subscriptions		0	672
Wages		16,797	35,547
Overhead Costs			
Accountancy & Audit		6,291	0
Advertising		333	381
Asset Disposal		25,706	0
Finance Charges		2,359	4,962
IRD Penalties		1,768	2,441
Loan Fees		189	449
Rates		4,034	0
Rental / Lease Fee		2,506	1,183
Total Direct & Overhead Costs		79,117	79,748
Gross Surplus (Deficit)		(24,392)	63,394
Gross Deficit %		(26.7%)	28.2%

Taupo Returned Services Association Incorporated

Statement of Financial Performance ... continued

	Notes	2018	2017
RESTAURANT	1.c.(4)		
Operating Revenue			
Restaurant		53,532	97,804
Functions		18,587	16,640
Takeaway		6,568	2,375
Total Revenue		78,687	116,819
Less Cost of Sales			
Food Products		44,273	60,225
Total Cost of Sales		44,273	60,225
Gross Surplus (Deficit) from Trading		34,414	56,594
Less Expenses			
Advertising		18	100
CC & Eftpos		674	926
Cleaning & Laundry		0	175
Communications		868	491
Energy		8,626	6,367
General Expenses		828	653
Hospitality		89	0
Printing		41	0
Repairs & Maintenance		0	1,462
Wages		45,812	55,850
Total Expenses		56,957	66,024
Gross Surplus (Deficit)		(22,543)	(9,430)
Gross Deficit %		(29.9%)	(8.1%)
MEMBERSHIP & SUPPORT SERVICES			
Membership			
Revenue			
Subscriptions		5,420	9,861
Total Revenue		5,420	9,861
Less Expenses			
Capitation		5,134	6,677
Total Expenses		5,134	6,677
Gross Surplus (Deficit)		285	3,184
Gross Surplus %		5.3%	32.3%
Social Activities			
Operating Revenue			
Draws & Raffles		5,104	10,585
Housie		4,083	1,406
Sports & Other		387	521
Total Income		9,573	12,512
Less Cost of Sales / Expenses			
Draws & Raffles		2,951	8,037
Housie		643	0
Sports & Others		0	1,083
Total Cost of Sales / Expenses		3,594	9,120
Gross Surplus (Deficit)		5,979	3,392
Gross Surplus %		62.5%	27.1%
Cemetery			
Operating Revenue			
Grants		1,778	2,003
Plaques		297	360
Total Revenue		2,075	2,363
Less Expenses			
Honorarium		0	1,100
Plaques		460	545
Running Costs, Repairs & Maintenance		971	357
Stores		0	343
Total Expenses		1,431	2,345
Gross Surplus (Deficit)		644	18
Gross Surplus %		31%	0.8%

Statement of Financial Performance ... continued

	Notes	2018	2017
Welfare			
Operating Revenue			
Donations		2,860	1,788
Equipment Rental		1,102	256
Interest		161	209
Sundry Chattels Sold		0	1,696
Total Revenue		4,123	3,949
Less Expenses			
ANZAC Day Expenses (Non-Poppy Fund)		615	1,601
Asset Disposal		1,218	
Depreciation		365	1,265
Equipment: Insurance		803	0
Equipment: Repairs & Maintenance		275	362
Grants		361	729
Travel		6	226
Total Expenses		3,643	4,183
Gross Surplus (Deficit)		480	(234)
Gross Deficit %		11.6%	(5.9%)
GROSS SURPLUS (DEFICIT)		7,388	6,360
GROSS SURPLUS %		34.9%	22.2%
TOTAL GROSS OPERATING SURPLUS (DEFICIT)		(47,202)	90,049
LESS OPERATING OVERHEADS			
Operating			
Advertising & Marketing		1,152	1,528
Communications		3,155	2,873
Computer Systems		3,491	1,449
Conferences & Meetings		0	
General Expenses		0	
Hireages		0	208
Management		43,327	58,065
Media		0	4,311
Permits & Licences		420	545
Repairs & Maintenance		5,465	3,585
Uniforms		0	33
Wages		35,417	20,042
Total Operating Expenses		92,427	92,639
Financial			
Bank Fees		483	556
CC & Eftpos Fees		28	31
Finance Charges		14,080	6,017
Insurance - Accident Compensation		1,829	1,717
Insurance - Business		10,818	8,235
IRD Penalties		32	7,716
Total Financial Expenses		27,269	24,272
Administration			
Accountancy		7,036	11,100
Audit		4,649	7,402
Conferences		84	375
General Expenses		1,519	2,144
Legal		174	4,348
Printing, Postage & Stationery	6	1,840	2,309
Total Administration Expenses		15,303	27,678
Occupancy			
Cleaning, Laundry & Rubbish		6,371	6,460
Energy		10,526	17,287
Rates		8,544	14,185
Rental / Lease		4,000	6,250
Security		1,940	3,865
Total Occupancy Expenses		31,380	48,047
Asset Management			
Disposal of Assets		12,505	0
Depreciation		11,705	12,446
Total Asset Management Expenses		24,210	12,446
TOTAL OVERHEADS		190,589	205,082
PLUS OTHER INCOME			
Sale of Chattels		27,879	0
		27,879	0
TOTAL NET OPERATING SURPLUS (LOSS)		(209,912)	(115,033)

Taupo Returned Services Association Incorporated

Statement of Changes in Accumulated Funds

for the Year Ended 31 December 2018

	2018	2017
Revenues and Expenses		
Net Surplus (Deficit)	(209,912)	(115,033)
Total Recognised Revenues & Expenses	(209,912)	(115,033)
Capital Distributions:		
Transfer of Poppy Funds to Taupo RSA Trust Board	0	(17,458)
Transfer of Trading Floats to Capital Reserve	24,468	0
Accumulated Funds at the Beginning of the Year	(164,131)	(31,640)
Accumulated Funds at the End of the Year	(349,575)	(164,131)

Taupo Returned Services Association Incorporated

Statement of Financial Position

as at 31 December 2018

	Notes	2018	2017
ASSETS			
Current Assets			
Bank Balances	3	8,566	28,999
Float	3	100	0
Accounts Receivable		4,030	80
Taxation Receivable	1.d.(6)	7	6
GST Receivable		1,205	5,808
Prepayments		0	12,975
Stock on Hand		0	6,260
Total Current Assets		13,908	54,128
Non Current Assets			
Property, Plant & Equipment		25,835	84,091
Total Non Current Asstes		25,835	84,091
TOTAL ASSETS		39,743	138,219
LIABILITIES			
Current Liabilities			
Accounts Payable		6,108	32,970
Receipts in Advance		0	60
IRD - Unpaid Duties & Taxes		0	19,934
Current Portion of Term Liabilities		0	24,226
Snooker & 8 Ball Club		0	636
Total Current Liabilities		6,108	77,826
Term Liabilities			
Loan - Taupo RSA Trust Board	4	383,211	215,349
Loan - Fee Smart		0	6,049
Loan - B Barwell		0	5,270
Loan - Dorchester Finance		0	22,082
Less Current Portion of Term Liabilities		0	(24,226)
Total Term Liabilities		383,211	224,524
TOTAL LIABILITIES		389,319	302,350
NET ASSETS (LIABILITIES)		(349,575)	(164,131)
ACCUMULATED FUNDS			
(Accumulated Losses) Retained Profits		(349,575)	(164,131)
TOTAL ACCUMULATED FUNDS		(349,575)	(164,131)

Board of Management

Date:

26/04/2019

Board of Management

Date

26/04/2019

Taupo Returned Services Association Incorporated

Statement of Cash Flows

For the Year Ended 31 December 2018

	Notes	2018	2017
Cash flows from operating activities			
Cash was provided from:			
Fees, subscriptions & other receipts		250,925	507,075
Donations, fundraising & other similar revenue		4,638	1,788
Interest, dividends & other investment receipts		161	209
Cash receipts from other operating activities		27,878	0
		<u>283,602</u>	<u>509,072</u>
Cash was applied to:			
Payments to suppliers & employees		468,988	628,331
Donations or grants paid		361	729
Taxation		0	6
GST		(3,990)	14,257
		<u>465,359</u>	<u>643,323</u>
Net cash Inflow (Outflow) from Operating Activities		(181,757)	(134,251)
Cash flows from investing activities			
Cash was provided from:			
Receipts from the sale of property, plant & equipment		2,496	1,696
Proceeds from loans borrowed from other parties		190,222	226,635
		<u>192,717</u>	<u>228,331</u>
Cash was applied to:			
Payments to acquire property, plant & equipment		0	53,090
Repayments of loans borrowed from other parties		55,761	40,478
Distribution of Capital		0	17,458
		<u>55,761</u>	<u>111,026</u>
Net cash Inflow (Outflow) from Investing Activities		136,956	117,305
Cash flows from financing activities			
Cash was applied to:			
Capital reserve		24,468	0
Net cash Inflow (Outflow) from Financing Activities		24,468	0
Net Movement of Cash			
Net Increase (Decrease) in Cash Held		(20,333)	(16,946)
Cash at beginning of period		28,999	45,946
Cash at end of period		8,666	29,000
This is represented by:			
Cash and Bank Balances		8,666	29,000

NOTES:

Taupo Returned Services Association Incorporated

Asset & Depreciation Schedule

for the year ended 31 December 2018

Name	Cost	Opening Value	Purch	Dispos	Loss	Depreciation			Accum Dpcn	Closing Value
						Type	Rate	Allow		
Bar Plant, Fitting & Equipment										
Beer System	60,000	2,484			0	10.5	10.5	261	57,777	2,223
Total Bar Plant, Fitting & Equipment	60,000	2,484			0			261	57,777	2,223
Buildings										
Airconditioning		8,144		4,348	(3,796)	DV	5.5			544 3,049
Cover, Mobility Parking Area		287		0	(287)	DV	5.5			
Electrical Reticulation Lights	2,340	576				DV	5.5	32	1,796	
Electrical Switchboard(1/2)	4,494	3,226				DV	5.5	177	1,445	
Gaming Room Alteration		4,522		0	(4,522)	DV	5.5			
Gaming Room Electrical		728		0	(728)	DV	5.5			
Garden Bar - Electrical and Lights		504		0	(504)	DV	5.5			
Garden Bar - Sail		505		0	(505)	DV	5.5			
Garden Bar - Security Fence		714		0	(714)	DV	5.5			
Garden Bar Area		685		0	(685)	DV	5.5			
Total Buildings	6,834	19,890		4,348	(11,741)			209	3,241	
Club Furniture, Fittings &										
Cabling Complete Interior Fitout	6,354	4,686				DV	45.0	2,109	3,776	2,577
Data Safe SG120DC		2,594		217	(2,377)	DV	5.5			0
Kitchen Windows	2,755	961				DV	2.5	69	1,863	892
Medal Ribbon Display*	970	776				DV	7.0	54	249	721
Office Management & Network Suite	8,701	6,381				DV	40.0	2,552	4,873	3,829
Painting Braddock Footsteps*		365		0	(365)	DV	0.0			0
Safe, Cash, Premium	3,067	955				DV	5.5	53	2,164	903
SwiftPOS POS & Management System	17,660	12,951				DV	40.0	5,180	9,890	7,770
Total Club Furniture, Fittings & Equip	39,507	29,669		217	(2,742)			10,017	22,814	16,693
Gaming Machines & Equipment										
Cabling and Phone Line		1,221		0	(1,221)	DV	13.0			
Casino Sign		663		0	(663)	DV	9.0			
Gaming Machine - Multistar Deluxe		341		150	(191)	DV	30.0			
Gaming Machine - Multistar Untamed		455		150	(305)	DV	30.0			
Gaming Machine MStar Classic 4		656		150	(506)	DV	30.0			
Gaming Machine Mstar Classic 5		656		150	(506)	DV	30.0			
Gaming Machine Upgrade-Jackpot		8,575		0	(8,575)	DV	30.0			
Gaming Machine Multistar Delights		487		150	(337)	DV	30.0			
Gaming Machines Upgrade- Notes		12,960		0	(12,960)	DV	30.0			
Security Grill Anodised 2400 * 3040		442		0	(442)	DV	13.5			
Total Gaming Machines & Equipment	0	26,456	0	750	(25,706)			0	0	
Software										
Website tauporsa.co.nz	4,175	2,957			0	DV	50.0	1,479	2,696	1,479
Total Software	4,175	2,957			0			1,479	2,696	1,479

Taupo Returned Services Association Incorporated

Asset & Depreciation Schedule ... continued

Name	Cost	Opening Value	Purch	Dispos	Loss	Depreciation			Accum Dpcn	Closing Value
						Type	Rate	Allow		
Welfare Aids & Equipment										
Mobility Scooter, Auriga (07)	1	1			0	DV	0.0	0	0	1
Mobility Scooter, Auriga (20)	3,200	0			0	DV	0.0	0	3,200	0
Mobility Scooter, Horizon (03)	1,825	0			0	DV	0.0	0	1,825	0
Mobility Scooter, Horizon (15)	2,925	0			0	DV	0.0	0	2,925	0
Mobility Scooter, Horizon (22)	1	1			0	DV	0.0	0	0	1
Mobility Scooter, Jinhua - 44		367		0	(367)	DV	18.0			0
Mobility Scooter, Pegasus (37)	3,547	1,862			0	DV	18.0	335	2,020	1,527
Mobility Scooter, Pegasus (38)	3,995	0			0	DV	18.0	0	3,995	0
Mobility Scooter, Shoprider (21)	1	1			0	DV	0.0	0	0	1
Trimmer Edge & Hedge	458	348			0	DV	8.5	30	140	318
Total Welfare Aids & Equipment	15,953	2,580	0	0	(367)			365	14,105	1,848
TOTAL	126,469	84,036	0	5,315	(40,556)			12,330	100,634	25,835

Taupo Returned Services Association Incorporated

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

For the Year Ended 31 December 2018

Going Concern

As at 31 December 2018, the Association had a working capital surplus of \$7,800, a negative equity position of \$349,575, and a net deficit result for the year of \$185,445. These facts indicate that a material uncertainty exists that may cast doubt on the Association'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 Association 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 continue to adopt the going concern assumption in preparing the financial statements for the year ended 31 December 2018.

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

A joint committee comprising members of the Executive Committee of the Association and the Trustees of the Taupo RSA Trust Board was established in a previous year, 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 Board agreed in the previous year to roll over the Association's lease month by month, as it had expired. The Association continues to occupy the Trust's premises, until such time as the sale of the property by the Trust is settled (which will occur on 6 June 2019). No rent, rates or insurance is being charged by the Trust to the Association during this interim period.

The Taupo RSA Trust agreed in the previous year to provide an unspecified line of credit to the Association for items of expenditure, to be reviewed by the Trust Board on a case by case basis. Further drawdowns will not incur interest rate. This year, the Trust advanced a further \$176,884 to the Association.

The Taupo RSA Trust has provided a letter of comfort undertaking that it will not demand any repayment of its loans to the Association, including the monthly repayments that the Association was, for a period of 12 months from the date of signing this performance report.

The Joint Committee and Board of Management decided that the Association would cease bar, gaming and restaurant trading on 30th September 2018, because of lack of significant member support and ongoing monthly trading losses. The Association continues to operate its representational membership and welfare support services.

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 by their business function.

(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.

Taupo Returned Services Association Incorporated
Notes to and forming part of the Performance Report

For the Year Ended 31 December 2018

1 Statement of Accounting Policies

Reporting Entity

Taupo RSA Inc is registered under the Incorporated Societies Act 1908.

The financial statements of the Taupo RSA 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 Inc controls the Taupo RSA Club Inc. The Taupo RSA Club ceased trading and deregistration commenced in 2017.

Statement of Compliance and Basis of Preparation

Taupo Returned Services Association Incorporated is eligible to apply Tier 3 PBE Accounting Requirements : 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 incorporated society 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 incorporated society, unless otherwise stated in the Specific Accounting Policies.

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

Taupo Returned Services Association Incorporated

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

For the Year Ended 31 December 2018

(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 Association has nil net taxable income. Transactions from within the circle of membership are non-taxable.

(g) Goods and Services Taxation (GST)

The Association 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 third time this year in accordance with the requirement of PBE IPSAS 6(PS). There have been no other changes in accounting policies.

2 Income Tax

Opening Balance

Plus:

Refunds

Less:

RWT Paid

Income Tax (Receivable)

2018	2017
\$	\$
(6)	-
6	-
7	6
(7)	(6)

Taupo Returned Services Association Incorporated

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

For the Year Ended 31 December 2018

3 Cash and Bank Balances	2018	2017
	\$	\$
Cash Balances		
Cash on Hand - Bar and Tills	100	2,030
Cash on Hand - Gaming	-	9,444
	100	11,474
Bank Account Balances		
ANZ Bank New Zealand Ltd - Current	866	2,744
ANZ Bank New Zealand Ltd - Gaming	5,563	4,681
ANZ Bank New Zealand Ltd - Savings	2,137	9,464
ANZ Bank New Zealand Ltd - 06 Snooker Section	-	636
	8,566	17,525
Total Cash and Bank Balances	8,666	28,999

4 Term Loans as Scheduled	2018	2017
	\$	\$
Taupo RSA Trust		
Total Outstanding	383,211	215,349
Monthly Payment \$1864 Interest Rate 3.7%		
Fee Smart		
Total Outstanding	-	6,049
Repaid December 2018		
Gaming License Loan (from a Club Member)		
Total Outstanding	-	5,270
Repaid November 2018		
Oxford Finance Jackpot System One Link		
Total Outstanding	-	6,058
Repaid August 2018		
Oxford Finance Upgrade Note Acceptors		
Total Outstanding	-	16,024
Repaid November 2018		
Total Term Loans as Scheduled	383,211	248,750

Taupo Returned Services Association Incorporated

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

For the Year Ended 31 December 2018

5	Accumulated Losses	2018	2017
		\$	\$
	Opening Balance	(146,672)	(31,640)
	Less:		
	Deficit for the Year	209,913	115,032
	Total Accumulated Losses	(356,585)	(146,672)

There was nil of undistributed gaming funds at 31st December 2018 (2017 Nil).

6 Related Party Transactions

Except for rentals paid to the Taupo RSA Trust of \$4,000 (2017 \$6,250), interest paid and loan amounts as outlined in Note 4 above, and payments to Ninetyblack Ltd of \$2,714 (2017 \$5,292) relating to website hosting and photocopier lease, there have been no material related party transactions during the financial year for which these financial statements are prepared.

7 Gaming Distributions

The Gaming direct and overhead costs were 86.5% (2017 35.5%) of Gaming proceeds.

These costs have been included in the Statement of Financial Performance.

8 Significant Donated Assets not Recorded

Mobility scooters donated to the Association, brought in at \$1.

9 Commitments

The Taupo RSA has no commitments as at 31 December 2018, (2017 Nil).

10 Contingent Liabilities and Guarantees

Last year the Association received late from a supplier accounts for payment dating back to 2013 that totalled \$7,186 inclusive of GST. The materials portion of the accounts, totalling \$2,146 inclusive of GST, has been recorded as a creditor as at 31 December 2018. The labour portion of the accounts, totalling \$5,040 inclusive of GST, is being disputed by the Board of Management. The Disputes Tribunal found in favour of the claimant in November 2018, however the Board of Management have lodged an appeal, the outcome of which is currently pending. Otherwise the Association has no contingent liabilities and no guarantees as at 31st December 2018. (2017: Contingent Liabilities Same. Guarantees Nil.)

11 Events Occurring After Balance Date

There were no events that have occurred after the balance date that would have a significant impact on the Performance Report. (Last Year - Nil). The Association ceased its gaming and bar/restaurant operations during the 2018 financial year. The Association is continuing to operate from the premises leased from the RSA Trust, until such time as the sale of the property by the RSA Trust is settled (which is expected to occur in June 2019). No rent, rates or insurance is being charged by the RSA Trust to the Association during this interim period. Once the sale of the property has settled, the administration of the Association will be relocated.

INDEPENDENT AUDITOR'S REPORT

To the Members of Taupo Returned Services Association Incorporated

Report on the Performance Report

Opinion

We have audited the accompanying performance report of Taupo Returned Services Association Incorporated on pages 3 to 19, which comprises the entity information, the statement of service performance, the statement of financial performance, the statement of cash flows and the statement of changes in accumulated funds for the year ended 31 December 2018, statement of financial position as at 31 December 2018, the statement of accounting policies and other explanatory information.

In our opinion, except for the effects of the matters 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 3 to 19 presents fairly, in all material respects, the financial position of Taupo Returned Services Association Incorporated as at 31 December 2018 and its financial performance, cash flows and changes in accumulated funds for the year then ended 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

As for other organisations of a similar nature, control over the revenues collected from donations prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control.

The statement of changes in general funds and the statement of cash flows both report an increase in capital reserves of \$24,468. We were unable to substantiate this increase.

The statement of service performance reports 157 full members as at 31 December 2018. We were unable to substantiate this reported number.

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows statement of changes in accumulated 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 Taupo Returned Services Association 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, Taupo Returned Services Association Incorporated.

Restriction on responsibility

This report is made solely to the members 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 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.

Material Uncertainty Related to Going Concern

As explained in Note 1 to the performance report, the Society had a working capital deficit and negative equity at 31 December 2018, 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 and Board of Management's Responsibility for the Performance report

The Executive Committee and Board of Management are 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 report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- for such internal control as the Executive Committee and Board of Management determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Executive Committee and Board of Management are 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 or Board of Management either intend to liquidate the Society or to cease operations, or have 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 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) 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 this 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Executive Committee and Board of Management 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.



Kirsten Dixon
DIXON&CO
Chartered Accountants
Taupo, New Zealand

26th April 2019

