



Performance Report

Mercury Bay Club Inc
For the year ended 31 March 2023

Prepared by Business One Limited



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Entity Information

Mercury Bay Club Inc For the year ended 31 March 2023

Legal Name of Entity

Mercury Bay Club Inc

Entity Type and Legal Basis

Incorporated Society

Registration Number

224241

Entity's Purpose or Mission

The Mercury Bay Club will provide best industry service quality, customer focus, products and facilities based on the needs and expectations of our members. The Club will continue to prosper and develop through an ongoing competitive analysis of our industry and the community guided by sound strategy, operational excellence, financial acumen, integrative management/staff relations and ethics.

Entity Structure

The entity is comprised of a President, two Vice Presidents, seven committee members, a manager, an office manager and a bar manager.

Main Sources of Entity's Cash and Resources

Bar sales, Gaming Machines, Membership fees and raffles.

Entity's Reliance on Volunteers and Donated Goods or Services

The entity relies on volunteers to help with raffles, the courtesy vehicle, special event help, working bees and the AGM.

Additional Information

The Club is a warm and welcoming place for friendship and fellowship.

Physical Address

69 Cook Drive, Whitianga 3510

Postal Address

PO Box 125, Whitianga 3510

Accountant

Business One Limited
Thames

Auditor

Absolute Auditing Limited
Tauranga



Approval of Financial Report

Mercury Bay Club Inc
For the year ended 31 March 2023

The Committee are pleased to present the approved financial report including the historical financial statements of Mercury Bay Club Inc for year ended 31 March 2023.

APPROVED

L. Fraser

Linda Fraser

President

Date 23.6.23

P. Berry

Peter Berry

Treasurer

Date 23.6.23

Statement of Service Performance

Mercury Bay Club Inc

For the year ended 31 March 2023

Description of Entity's Outcomes

To provide facilities to our members, organise social events and entertainment, to distribute net machine proceeds to the community.

	ACTUAL (THIS YEAR)
Description and Quantification of the Entity's Outputs	
Committee Meetings	12
Friday Night Entertainment	52
Membership	1,911
Special Events	10

Statement of Financial Performance

Mercury Bay Club Inc

For the year ended 31 March 2023

	NOTES	2023	2022
Revenue			
Proceeds from Gaming Machine	1	717,057	494,863
Donations, fundraising and other similar revenue	1	130,577	116,832
Fees, subscriptions and other revenue from members	1	38,774	37,177
Revenue from providing goods or services	1	762,064	482,700
Interest, dividends and other investment revenue	1	2,255	159
Other revenue	1	7,146	113,243
Total Revenue		1,657,874	1,244,974
Expenses			
Expenses related to public fundraising	2	102,394	76,106
Volunteer and employee related costs	2	412,838	306,302
Costs related to providing goods or service	2	774,128	694,677
Grants and donations made	2	4,510	-
Other expenses	2	137,728	130,681
Total Expenses		1,431,598	1,207,767
Surplus/(Deficit) for the Year		226,276	37,208

The performance report must be read in conjunction with the accompanying Notes and Audit Report.

Statement of Financial Position

Mercury Bay Club Inc

As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
Assets			
Current Assets			
Bank accounts and cash	3	295,493	137,723
Debtors and prepayments	3	5,917	10,527
Inventory	3	27,963	22,451
Other Current Assets	3	10,194	9,846
Total Current Assets		339,567	180,547
Non-Current Assets			
Property, Plant and Equipment	5	2,395,333	2,382,163
Total Non-Current Assets		2,395,333	2,382,163
Total Assets		2,734,900	2,562,710
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	88,219	79,031
Employee costs payable	4	40,184	25,474
Other current liabilities	4	73,526	52,297
Total Current Liabilities		201,929	156,802
Non-Current Liabilities			
Loans	4	173,748	272,961
Total Non-Current Liabilities		173,748	272,961
Total Liabilities		375,678	429,763
Total Assets less Total Liabilities (Net Assets)		2,359,223	2,132,947
Accumulated Funds			
Accumulated surpluses or (deficits)	6	421,478	195,203
Reserves	7	1,937,744	1,937,744
Total Accumulated Funds		2,359,223	2,132,947

The performance report must be read in conjunction with the accompanying Notes and Audit Report.

Statement of Cash Flows

Mercury Bay Club Inc
For the year ended 31 March 2023

	2023	2022
Cash Flows from Operating Activities		
Cash was received from:		
Donations, fundraising and other similar receipts	2,010	10,150
Fees, subscriptions and other receipts from members	44,590	37,177
Receipts from providing goods or services	1,779,675	1,297,859
Interest, dividends and other investment receipts	2,335	79
Cash receipts from other operating activities	73,776	121,854
Net GST	(148,614)	(73,027)
Cash was applied to:		
Payments to suppliers and employees	1,459,459	1,273,942
Donations or grants paid	4,597	-
Total Cash Flows from Operating Activities	289,716	120,150
Cash Flows from Investing and Financing Activities		
Cash was applied to:		
Payments to acquire property, plant and equipment	122,499	54,003
Payments to purchase investments	107	144
Repayments of loans borrowed from other parties	77,951	105,816
Cash flows from other investing and financing activities	(56,663)	21,655
Total Cash was applied to:	143,894	181,619
Total Cash Flows from Investing and Financing Activities	(143,894)	(181,619)
Net Increase/(Decrease) in Cash	145,822	(61,469)
Bank Accounts and Cash		
Opening cash	137,723	199,192
Closing cash	295,493	137,723
Net change in cash for period	157,770	(61,469)

The performance report must be read in conjunction with the accompanying Notes and Audit Report.

Statement of Accounting Policies

Mercury Bay Club Inc For the year ended 31 March 2023

Basis of Preparation

The entity has elected to apply 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 equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

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

Income Tax

Mercury Bay Club Inc is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

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

Debtors and Prepayments

Debtors & Prepayments are stated at their estimated net realisable value.

Fixed Assets

Fixed assets are stated at cost, except for Land and Buildings which are at valuation, less aggregate depreciation. Any assets leased by the entity that incorporate rights of ownership for the entity in the future has been included on the schedule of fixed assets with a corresponding liability for future lease payments in the Statement of Financial Position. Lease payments that do not confer rights of ownership are included in the determination of operating profits in equal installments over the term of the lease.

An independent valuation of Land and Buildings was completed on 4 April 2018 by Townshend Cullen, Registered Valuers. This determined that 69 Cook Drive, Whitianga was valued at \$2,375,000.

Depreciation

Depreciation has been calculated on both diminishing value and straight line basis, calculated over the estimated useful life of the assets. Gaming machines are depreciated at 33% and 40% over their expected useful life.

Inventories

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

Changes in Accounting Policies

There has been a change in accounting policies. This year, the entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). Last year, the financial statements were prepared in accordance with the Special Purpose Financial Reporting (SPFR) Framework.



Grants & Donations

Grant and donation income is accounted for depending on whether or not it has a 'use or return' condition attached. Where no use or return conditions are attached, the revenue is recorded as income when the cash is received. Where income includes a use or return condition, it is initially recorded as a liability on receipt. The income is then subsequently recognised within the Statement of Financial Performance as the performance conditions are met.

Donated goods or services (other than donated assets) are not recognised.

Where significant donated assets are received with useful lives of 12 months or more, and the fair value of the assets is readily obtainable, the donation is recorded at the value of the asset obtained. Where the fair value of the asset is not readily obtainable, the donation is not recorded. Donated assets with useful lives less than 12 months are not recorded.



Notes to the Performance Report

Mercury Bay Club Inc

For the year ended 31 March 2023

	2023	2022
1. Analysis of Revenue		
Proceeds from Gaming Machines		
Gaming Income	717,057	494,863
Total Proceeds from Gaming Machines	717,057	494,863
Donations, fundraising and other similar revenue		
Donations Received	2,010	16,369
Raffles Income	128,567	100,463
Total Donations, fundraising and other similar revenue	130,577	116,832
Fees, subscriptions and other revenue from members		
Subscription Income	38,774	37,177
Total Fees, subscriptions and other revenue from members	38,774	37,177
Revenue from providing goods or services		
8 Ball /Pool Income	5,276	1,549
Bar Sales	648,146	444,311
Bowls Income	8,706	7,870
Club venue hire	288	-
Commission	4,322	2,691
Courtesy Vehicle Income/Sponsor	3,444	1,958
Darts Income	1,539	965
Fishing Income	-	1,353
Garden Bar Income	19,593	2,887
Kitchen Operating Recovery	49,718	1,500
Members Welfare Income	4,102	3,199
Multi screen advertising	87	-
Snooker Income	8,431	4,711
Special Events Income	-	(9)
Ten Pin Bowling Income	-	4,118
Wholesale Sales	8,412	5,598
Total Revenue from providing goods or services	762,064	482,700
Interest, dividends and other investment revenue		
Interest Received	1,099	148
Interest received - Gaming	1,156	11
Total Interest, dividends and other investment revenue	2,255	159
Other revenue		
MSD Wage Subsidy	5,395	65,591
Other Income	1,751	-
Resurgence Payment	-	47,652
Total Other revenue	7,146	113,243

2023

2022

2. Analysis of Expenses

Expenses related to public fundraising

Member Draws	16,522	11,600
Raffle Expenses	3,642	1,795
Raffle Purchases	82,231	62,711
Total Expenses related to public fundraising	102,394	76,106

Volunteer and employee related costs

ACC Levies	1,597	869
Admin Wages	43,484	28,180
Bar Wages	175,427	151,914
Cleaning Contract	43,387	35,808
Gaming Wages	10,000	10,000
Honorarium	3,750	-
Kitchen Wages	49,718	-
Manager's Salary	84,112	79,531
Staff Training	1,363	-
Total Volunteer and employee related costs	412,838	306,302

Costs related to providing goods or services

8 Ball/Pool Expenses	5,334	1,549
Accounting - Gaming	1,165	1,165
Accounting Fees	4,835	9,235
Advertising	14,186	10,769
Annual Licences	5,930	6,323
Bank Fees	3,895	2,161
Bar Gas	4,082	3,144
Bar Purchases	224,282	158,800
Bowls Expenses	11,115	7,870
Cleaning & Laundry	2,246	1,954
Cleaning Materials	7,624	6,535
Clothing Purchases	1,087	275
Computer Expenses	6,810	4,489
Conference costs	6,479	(515)
Courtesy Vehicle Running Costs	1,557	77
Crockery and Cutlery	201	-
Darts Expenses	261	965
Entertainment	42,923	30,523
Fishing Expenses	-	1,353
Gaming Duty	164,923	113,819
Gaming EMS	15,378	13,920
Gaming Insurance	2,160	2,160
Gaming Licences	15,410	14,550
Gaming Machine Service & Repair	15,788	15,585
Gaming Power	2,700	2,700

	2023	2022
Garden Bar Costs	11,548	2,256
Glassware	1,272	426
Guests & Hospitality	16,486	20,963
Insurance	20,037	17,083
Kids Xmas Party	864	247
Kitchen Gas	7,124	3,002
Kitchen - Repairs and Service	4,766	3,537
Plant Hire	3,862	4,139
Postage and Freight	205	921
Power	34,136	31,231
Problem Gambling Levy	8,370	4,439
Quiz night	11,125	9,074
R&M Buildings	21,949	101,186
R&M Courtesy Vehicle	697	549
R&M Furniture and Fittings	455	188
R&M Grounds	2,017	10,267
R&M Plant	8,693	15,429
Rates	12,290	11,721
Security	600	864
Sky TV	16,770	17,589
Snooker Expenses	6,936	4,711
Sports Travel & Expenses	-	451
Staff Amenities	2,053	2,374
Stationery & Printing	4,894	6,898
Stock Breakage & Loss	667	371
Subscription - iPayroll	5,288	3,126
Telephone	4,156	4,354
Ten Pin Bowling Expenses	-	4,118
Travel	-	400
Trivia	1,322	-
Valuation fee	750	-
Waste Bar	4,059	3,124
Welfare - Members	367	237
Total Costs related to providing goods or services	774,128	694,677
Grants and donations made		
Donations	4,510	-
Total Grants and donations made	4,510	-
Other expenses		
Audit Fees	9,420	7,420
Audit Fees - Gaming	580	580
Depreciation	58,229	58,080
Depreciation - Gaming	44,961	38,598
Interest Paid	17,292	15,571
Interest Paid - Gaming BNZ	-	1,049

Interest - IRD Loan	364	-
Legal Fees	-	871
Loss on Asset Disposal - Gaming Machines	993	2,428
NZCC Subs & Fees	5,889	6,083
Total Other expenses	137,728	130,681

2023 2022

3. Analysis of Assets

Bank accounts and cash

ATM Clearing	6,518	3,445
ATM Float	4,000	4,000
BNZ 00 Main Account	12	3,257
BNZ 01 ATM Account	12,813	8,422
BNZ 02 Pool Account	2,893	2,968
BNZ 03 Depreciation	7,769	17,013
BNZ 05 Gaming Account	154,056	2,805
BNZ 07 Darts Account	6,810	6,428
BNZ 08 Garden Bar	7,302	1,059
BNZ 09 Indoor Bowls Account	3,616	5,887
BNZ 11 Ten Pin Bowling Account	4,683	5,483
BNZ 12 Snooker Account	5,465	4,895
BNZ 25 Courtesy Car	8,136	5,602
BNZ 26 Donations Account	32,396	32,053
BNZ 29 Subscription Account	3,062	1,271
Daily Banking Clearing A/C	6,022	4,244
Gaming Machine COH	19,940	18,940
Till Floats	10,000	9,950
Total Bank accounts and cash	295,493	137,723

Debtors and prepayments

Accounts Receivable	100	100
Prepayments - Gaming Licence	3,627	3,627
Sundry Debtors	2,191	6,800
Total Debtors and prepayments	5,917	10,527

Inventory

Bar Stocks	25,739	19,765
Clothing Stock	1,516	1,263
Raffles Stock	708	1,424
Total Inventory	27,963	22,451

Other current assets

Accrued Income	323	82
Funds held for Social Club	840	840
Westpac Term Deposit	9,032	8,925
Total Other current assets	10,194	9,846

	2023	2022
4. Analysis of Liabilities		
Creditors and accrued expenses		
Accounts Payable	50,799	40,029
Accounts Payable Manual	144	-
GST	9,977	20,559
Sundry Creditors	11,500	9,200
Trade Creditors	15,800	9,242
Total Creditors and accrued expenses	88,219	79,031
Employee costs payable		
Accrued Alternative Leave	5,252	3,450
Accrued Holiday Pay	27,179	22,024
Wages - Accrual	7,753	-
Total Employee costs payable	40,184	25,474
Other current liabilities		
Accrual Interest	686	719
BNZ 09 Main Loan Current Portion	72,000	50,738
Funds Held - Social Club	840	840
Total Other current liabilities	73,526	52,297
Loans		
BNZ 09 Main Loan 09	173,748	250,361
IRD Small Business Loan	-	22,600
Total Loans	173,748	272,961
	2023	2022
5. Property, Plant and Equipment		
Land		
Land at Cost	1,850,000	1,850,000
Total Land	1,850,000	1,850,000
Buildings		
Buildings at Cost	1,503,589	1,482,474
Accumulated Depreciation - Buildings	(1,158,433)	(1,115,330)
Total Buildings	345,156	367,144
Motor Vehicles		
Motor Vehicles	9,130	9,130
Accumulated Depreciation - Motor Vehicles	(8,669)	(8,471)
Total Motor Vehicles	461	659
Furniture and Fittings		
Furniture and Fittings	270,950	254,229
Accumulated Depreciation - Furniture and Fittings	(239,320)	(235,737)
Total Furniture and Fittings	31,631	18,491

2023 2022

Plant and Equipment

Plant and Machinery	405,701	371,181
Accumulated Depreciation - Plant and Machinery	(333,743)	(322,396)
Total Plant and Equipment	71,959	48,784

Gaming Equipment

Gaming Equipment	451,048	476,958
Accumulated Depreciation - Gaming Equipment	(354,921)	(379,873)
Total Gaming Equipment	96,126	97,085

Total Property, Plant and Equipment	2,395,333	2,382,163
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Significant Donated Assets Recorded

There are no significant donated assets recorded.

Significant Donated Assets - Not Recorded

There are no significant donated assets not recorded.

2023 2022

6. Accumulated Funds**Accumulated Funds**

Opening Balance	2,132,947	2,104,100
Surpluses or (deficits)	226,276	37,208
Reserves	-	(8,361)
Total Accumulated Funds	2,359,223	2,132,947

Total Accumulated Funds	2,359,223	2,132,947
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2023 2022

7. Breakdown of Reserves**Reserves**

Asset Revaluation Reserve	1,943,682	1,943,682
Realised Capital Reserve	(27,896)	(27,896)
Sports Group Reserve	21,958	21,958
Total Reserves	1,937,744	1,937,744

8. Commitments

There are no commitments as at 31 March 2023 (Last year - Nil).

9. Contingent Liabilities and Guarantees

There is a guarantee in favour of the New Zealand Racing Board of \$5,000. (2022: \$5,000)

There were no other known contingent liabilities or assets at balance date. (2022: \$Nil)



10. Capital Reserves

There have been no changes in the amount of Capital Reserves over the year.

11. Assets Used as Security for Liabilities

BNZ Loan - The amount of \$245,748.46 is secured over the land and building at 69 Cook Drive, Whitianga. The repayments are \$6,000 monthly and interest rate is 5.99% per annum. The maturity date is 15/01/2027.

12. Bank Revolving Credit Facility and Term Loans

The BNZ Revolving Credit Facility (\$25,000) and the BNZ Term Loans are secured over Land and Buildings at 69 Cook Drive, Whitianga.

	2023	2022
13. Related Parties		
Glenda Berry - Wife of Treasurer, Peter Berry - Bar Staff	37,554	28,988
Linda Fraser - President - Honorarium	3,750	-
Lynn Forrest - Committee Member - Cleaning Contract	42,200	35,808
Sheryl Andrews - Wife of Manager, Steve Andrews - Casual Staff	275	-

14. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year - Nil)

15. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.

16. Additional Information

The Covid-19 lockdown impacted on the 2020, 2021 & 2022 financial year and may have on going financial impact for future years. The full impact of Covid-19 is unknown at this time.

17. Audit

These financial statements have been audited.

Gaming Machine Report

Mercury Bay Club Inc

For the year ended 31 March 2023

	2023	2022
Gaming Machines		
Sales - Gaming Machines	717,057	494,863
Interest Received - Gaming	1,156	11
Costs		
Direct Costs		
Depreciation	44,961	38,598
Electronic Monitoring System	15,378	13,920
Gaming Duty Paid	164,923	113,819
Licenses	15,410	14,550
Interest Paid	-	1,049
Loss on Asset Disposal	993	2,428
Problem Gambling Levy	8,370	4,439
Total Direct Costs	250,036	188,804
Indirect Costs		
Accounting	1,165	1,165
Audit Fees	580	580
Power	2,700	2,700
Insurance	2,160	2,160
Wages	10,000	10,000
Service & Repairs	15,788	15,585
Total Indirect Costs	32,393	32,190
Total Costs	282,429	220,993
Net Proceeds	434,629	273,870
Applied to:		
Accounting / Audit	9,100	10,361
Advertising	10,640	9,691
Capitation Fees (Club NZ Fees)	5,889	6,083
Cleaning	35,000	9,479
Computer Expenses	4,766	3,142
Electricity	25,347	22,105
Grants	4,510	-
Interest	13,833	12,457
Insurance	12,022	10,612
Membership Draw	-	5,952
Printing & Stationery	3,426	4,829
Rates	8,603	8,205
Repairs & Maintenance	16,906	63,810
Security	400	960
Sky Television	18,361	15,831
Telephones	3,325	3,529



	2023	2022
Club Conference	5,182	269
Welfare Members	367	1,329
Wages - Administration	86,709	75,398
Capital Expenditure	47,471	-
Total Applied to:	311,857	264,042
Net Proceeds available for distribution	122,772	9,828
Undistributed Funds from Previous Year	21,655	11,827
Total Undistributed Funds to Carry Forward	144,427	21,655



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INDEPENDENT AUDITOR'S REPORT

To the Members of Mercury Bay Club Inc

Opinion

We have audited the accompanying Performance Report of Mercury Bay Club Inc on pages 3 to 19, which comprises of the Entity Information, the Statement of Service Performance, the Statement of Financial Performance and Statement of Cash Flows for the year ended 31 March 2023, the Statement of Financial Position as at 31 March 2023, the Statement of Accounting Policies and Notes to the Performance Report.

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

- a) The reported outcomes and outputs, and quantification of the outputs to the extent practical, in the Statement of Service Performance are suitable.
- b) The Performance Report on pages 3 to 19 presents fairly, in all material respects:
 - The Entity Information for the year ended 31 March 2023.
 - The Service Performance for the year then ended; and
 - The financial position of Mercury Bay Club Inc as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) Standard.

Basis for Qualified Opinion

Audit Report Qualification – Control over Cash Income

Control over certain cash income prior to being recorded in the financial books is limited and there are no practical audit procedures to determine the effects of this limited control.

We conducted our audit of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, 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) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Mercury Bay Club Inc 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 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, Mercury Bay Club Inc.

Committee Responsibilities for the Performance Report

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practical, that are relevant, reliable, comparable, and understandable, to report in the Statement of Service Performance.
- b) The preparation and fair presentation of the Performance Report which comprise of:
 - The Entity Information
 - The Statement of Service Performance
 - The Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and notes to the Performance Reportin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board,
- c) and for such internal control as the Committee 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 Committee are responsible on behalf of the Club for assessing the Club's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless those Committee either intend to liquidate the Club 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, 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), 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 Club'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 those charged with governance 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 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 Club to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the Performance Report, including the disclosures, and whether the Performance Report represents the underlying transactions and event 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 Committee regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control we identify during our audit.

Absolute Auditing Ltd

Sarah Dillon
Absolute Auditing Ltd
Tauranga
23 June 2023

