

NEW ZEALAND HOT ROD ASSOCIATION INC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

INDEX

	Page
Directory	1
Statement of Financial Performance	2
Schedule of Expenses	3
Statement of Movements in Equity	4
Statement of Financial Position	5
Notes to the Financial Statements	7
Audit Report	10

**NEW ZEALAND HOT ROD ASSOCIATION INC
DIRECTORY**

FOR THE YEAR ENDED 30 JUNE, 2014

Nature of Business	To encourage and enhance member participation and enjoyment of safe Hot Rodding and its related activities, to foster the development, achievement, and success gained through involvement with unique and individual automobiles and, in doing so, positively promoting the sport of Hot Rodding to those outside the organisation.
Executive Committee	Warren Pattinson (President) Wade Nisbet (Zone 1 Director) Ian McNeill (Zone 2 Director) (North Island VP) Mark Joblin (Zone 3 Director) Brett Randell (Zone 4 Director) Peter Hogan (Zone 5 Director) Ron Ward (Zone 6 Director) Robert Ferns (Zone 7 Director) Ash Oldham (Zone 8 Directors) Tony Robinson (Zone 9 Director) Brian Ward (Zone 10 Director) Pete Watson (Zone 11 Director & South Island VP)
Auditor	Ingham Mora Tauranga
Bankers	Bank of New Zealand Manakau City Centre Store
Solicitors	Holland Beckett Tauranga

NEW ZEALAND HOT ROD ASSOCIATION INC
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE, 2014

	Parent & Group	
	2014	2013
	\$	\$
Income		
Advertising (Income)	1,243	-
Affiliations	90,363	88,513
Affiliations (Day)	822	243
Club Registrations	7,375	7,166
Classic Cover - Commissions	552	-
Credit Card Fee (Income)	35	-
Interislander - Commission	405	-
Gain on sale of fixed assets	-	1,529
Fender Exemptions	7,195	6,517
HCTM Freight	1,822	1,166
HCTM Sales	32,217	26,747
HCTM Update	1,432	835
HR Lottery - Ticket Sales	112,988	-
HR Lottery - Sponsorship	2,174	-
Interest Received	5,123	5,098
Merchandise Income	3,809	11,490
Other Income	1,535	1,245
Royalties Received	2,475	2,634
Sanction Levies	5,231	3,478
Sponsorship	12,230	5,797
SRN Corporate Sponsorship	-	8,696
Travel/Accom LVVTA Mtgs (Reimbursement)	684	-
Total Income	289,710	171,155
Less Expenses (page 3)	259,091	251,328
Net Surplus/(Deficit) for the year (page 4)	30,619	(80,172)

The accompanying notes form part of these financial statements.



NEW ZEALAND HOT ROD ASSOCIATION INC
SCHEDULE OF EXPENSES
 FOR THE YEAR ENDED 30 JUNE, 2014

	<u>Parent & Group</u>	
	2014	2013
	\$	\$
Expenses		
ACC Levies	1,497	986
Accommodation - Executive Other	183	135
Accountancy	2,596	2,201
Advertising	1,517	2,998
Affiliation Cards	5,147	2,215
Audit Fee	5,877	4,121
Bank Fees & Charges	816	1,377
Computer Expenses	2,661	627
Cleaning	420	260
Electricity and Gas	880	653
Employment Costs	-	6,990
Freight & Courier	213	1,610
General Expenses	352	251
Gifts & Flowers	222	210
HCTM - Advertising	3,819	701
HCTM - Freight	2,435	2,633
HCTM - General	555	-
HCTM - LVVTA Royalty	4,640	3,738
HCTM - LVVTA Royalty Updates	153	98
HCTM - Printing	10,368	11,287
Hot Rod Show - Venue	-	25,000
HR Lottery - Advertising	6,059	-
HR Lottery - Audit	2,250	-
HR Lottery - Club Rebates	20,328	-
HR Lottery - General Expense	89	-
HR Lottery - Interest on Loan	533	-
HR Lottery - Loan Expenses	200	-
HR Lottery - Motor Vehicle Expenses	-	-
HR Lottery - Postage/Courier	970	-
HR Lottery - Prizes	36,000	-
HR Lottery - Promotion	704	-
HR Lottery - Ticket Printing	2,150	-
HR Lottery - Vehicle General	734	-
HR Lottery - Vehicle Transport	870	-
Insurance	5,317	8,685
Interest - Bank Overdraft	-	119
Legal Fees	750	-
Low Value Asset Purchases	-	78
LVVTA Insurance	425	425
Merchandise	5,476	4,257
Merchant Fees	797	-
National Show - Travel	-	8,172
National Show - Accomodation & Meals	-	10,678
Newsletter	36	-
NZHRA - Juniors	-	475
NZHRA Promotional Expenses	85	-
Photocopying Costs	3,246	4,869
Plaques & Trophies	634	1,091
Postage	2,141	3,848
Printing & Stationery	2,613	5,174
Promotion of NZHRA	163	802
Rent	13,200	13,200
Repairs and Maintenance	163	30
Rulebook & Constitution	3,041	-
Sponsorship	-	16,500
SRN - Sponsorship Expenses	-	4,348
Storage Facility	1,169	1,169
Street Rod Nationals	-	400
Superannuation - EmpContribution	2,214	-
Telephone & Tolls	2,564	1,723
Training	450	-
Travel - In Zone	924	2,646
Travel & Accomodation - Meetings	10,294	12,659
Travel - Office	85	-
Travel - President	586	-
Travel Fund - Street Rod Nationals	-	3,900
Travel & Accomodation - LVVTA Meetings	1,110	831
Wages & Salaries	80,685	75,160
Website Expenses	535	399
Write Off Obsolete Stock	3,553	-
Total Cash Expenses	257,494	249,733
Depreciation	1,597	1,595
Total Expenses (page 2)	259,091	251,328

The accompanying notes form part of these financial statements.



NEW ZEALAND HOT ROD ASSOCIATION INC
STATEMENT OF MOVEMENTS IN EQUITY
 FOR THE YEAR ENDED 30 JUNE, 2014

	Parent & Group	
	2014	2013
	\$	\$
Net Surplus/(Deficit) for the year (page 2)	30,619	(80,172)
Total Recognised Revenue and Expenses for the year	30,619	(80,172)
Equity at the beginning of year	99,428	179,598
<u>Equity at the end of year</u>	<u>130,051</u>	<u>99,428</u>

The accompanying notes form part of these financial statements.



NEW ZEALAND HOT ROD ASSOCIATION INC
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2014

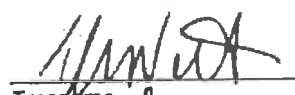
	Note	Parent & Group	
		2014	2013
		\$	\$
CURRENT ASSETS			
Bank of New Zealand Cheque Account		11,377	17,184
Bank of New Zealand Savings Account		3	257
Bank of New Zealand Business Saver		1	641
Petty cash		46	0
Undeposited Funds		0	2,663
GST Receivable		0	0
Accounts Receivable	5	1,800	420
Accrued Income	3	3,327	1,916
Prepayments	2	1,101	6,360
Inventory on Hand		7,129	12,898
Term Deposits		140,000	90,000
Lottery Prize - Car	6	0	36,000
Total Current Assets		164,784	166,339
NON-CURRENT ASSETS			
Fixed Assets	8	6,832	5,393
Shares - NZHRA Promotional Limited		100	100
Total Non-Current Assets		6,932	5,493
Total Assets		171,716	173,832
CURRENT LIABILITIES			
Accounts Payable		14,087	17,186
Income In Advance	4	15,045	11,484
Bank of New Zealand Visa		0	85
GST Payable		672	76
Bank of New Zealand Loan - Raffle prize	7	0	36,000
Accrued Expense		161	
Accrued Liabilities		6,100	4,900
Accrued Wages		1,264	1,061
Accrued Holiday Pay		4,239	3,501
Loan - NZHRA Promotional Ltd		100	100
Total Current Liabilities		41,668	74,403
Net Assets		130,051	99,428
Total Accumulated Funds		130,051	99,428

For and on behalf of the Association:



President

18-10-14
Date



Treasurer

18-10-14
Date

The accompanying notes form part of these financial statements.
Page 5



NEW ZEALAND HOT ROD ASSOCIATION INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2014

1. Statement of Accounting Policies

Reporting Entity

The New Zealand Hot Rod Association Inc. is incorporated under the Incorporated Societies Act 1908.

The association and its subsidiary comprise the New Zealand Hot Rod Association Inc. Group.

The financial statements of the association and the Group have been prepared as required by the Incorporated Societies Act 1908 and generally accepted accounting practice.

Measurement Base

The accounting principles recognised as appropriate for the measurement of financial performance and financial position on a historical cost basis are followed by the New Zealand Hot Rod Association Inc. Group.

Specific Accounting Policies

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

(a) Basis of Consolidation - Purchase Method

The consolidated financial statements include the parent association and its subsidiary accounted for using the purchase method. All significant inter-entity transactions are eliminated on consolidation. In the Association's financial statements, investment in the subsidiary is recognised at cost.

(b) Accounts Receivable

Accounts Receivable are stated at their expected realisable values.

(c) Inventories

Inventories are stated at the lower of cost or net realisable value on a first in first out basis.

(d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

(e) Depreciation

Depreciation has been written off fixed assets using a diminishing value basis:

Office Equipment 14% - 80%

(f) Liabilities

Liabilities are stated at estimated amounts payable.

(g) Goods and Service Tax

The financial statements have been prepared on a GST exclusive basis, so that all items are recorded at their cost net of GST except accounts receivable and accounts payable which are GST inclusive.

(h) Income Tax

The association and its subsidiary are exempt from income tax in accordance with section CW46 of the Income Tax Act 2007.

(i) Revenue

Income is recorded when received unless there are unfulfilled conditions attached to the income, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to income as the conditions are fulfilled.



NEW ZEALAND HOT ROD ASSOCIATION INC
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2014

1. Statement of Accounting Policies continued

(j) Differential Reporting

The association and group qualifies for differential reporting as they are not publicly accountable and are not large. The association and group have taken advantage of all differential reporting exemptions.

The financial statements have been prepared taking the exemption from the application of New Zealand equivalents to International Financial Reporting Standards permitted by the External Reporting Board.

(k) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

	<u>Parent & Group</u>	
	2014	2013
2. Prepayments	\$	\$
Prepaid expenses	<u>1,101</u>	<u>6,360</u>
3. Accrued Income		
Interest Receivable	<u>3,327</u>	<u>1,916</u>
4. Income in Advance		
Income for the 2014/2015 year	<u>15,045</u>	<u>11,494</u>
5. Accounts Receivable		
Total Accounts Receivable	<u>1,800</u>	<u>420</u>
6. Lottery Prize - Car		

This is the acquisition cost of the motor vehicle, being the prize for the lottery to be run by the Association. The lottery was drawn in the financial year ending 30 June 2014.

7. 2013 NZHRA Car Lottery Loan

A loan of \$36,000 was drawn down from the Bank of New Zealand by the Association. This was used to finance the purchase of the car prize for a lottery to be drawn by the Association in the financial year ending 30 June 2014. The associated interest has been recognised in the Statement of Financial Performance. The Bank of New Zealand Loan was secured by the Association's term deposits. The loan was repaid in the 2014 financial year.



NEW ZEALAND HOT ROD ASSOCIATION INC
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2014

8. Fixed Assets	Parent & Group
2014	<u>Office</u>
	<u>Equipment</u>
Opening Cost	20,124
Additions	3,036
Disposals	0
Closing Cost	<u>23,160</u>
Opening Accumulated Depreciation	14,731
Depreciation on Disposals	0
Depreciation Charge for Year	1,597
Closing Accumulated Depreciation	<u>16,328</u>
Closing Book Value	<u>6,832</u>
2013	Parent & Group
	<u>Office</u>
	<u>Equipment</u>
Opening Cost	21,698
Additions	0
Disposals	1,574
Closing Cost	<u>20,124</u>
Opening Accumulated Depreciation	13,261
Depreciation on Disposals	125
Depreciation Charge for Year	1,595
Closing Accumulated Depreciation	<u>14,731</u>
Closing Book Value	<u>5,393</u>

9. Related Party Transactions

The Board of Directors of NZHRA Promotional Limited (the Company) is represented by 2 of the members of the Board of the New Zealand Hot Rod Association Incorporated (the Association).

There were no transactions between the Association and the Company during the year.

As at 30 June 2014, there is a balance of \$100 owing to the Company from the Association, (2013:\$100). The balance owing is on demand, interest free and unsecured.

10. Contingent Liabilities

There were no contingent liabilities at balance date. (2013 : nil)



NEW ZEALAND HOT ROD ASSOCIATION INC
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2014

11. Commitments

There were no capital commitments at balance date. (2013 : nil)

Photocopier lease commitment under non-cancellable operating lease:

	<u>Parent & Group</u>	
	<u>2014</u>	<u>2013</u>
Current	2,308	2,308
Non-current	4,608	9,228
Total operating lease commitments	<u>6,916</u>	<u>11,536</u>

12. Investment in Subsidiary

	<u>Percentage Held</u>		<u>Balance Date</u>
	<u>2014</u>	<u>2013</u>	
NZHRA Promotional Limited	100%	100%	30 June

The company is non trading. It has no assets or liabilities but is being retained for possible future use.



INDEPENDENT AUDITOR'S REPORT

To the Committee of New Zealand Hot Rod Association Incorporated

Report on the Financial Statements

We have audited the financial statements of New Zealand Hot Rod Association Incorporated and group on pages 2 to 9, which comprise the consolidated and separate financial position of New Zealand Hot Rod Association Incorporated as at 30 June 2014, the consolidated and separate statement of financial performance and the statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The Group comprises the Society and the entities it controlled at 30 June 2014 or from time to time during the financial year.

Committee's Responsibility for the Financial Statements

The committee is responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have prepared the financial statements in reporting format from the society and group's general ledger. This matter has not impaired our independence as auditors of the society and group. We have no other relationship with or interests in the society or group.

Opinion

In our opinion, the financial statements on pages 2 to 9:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of New Zealand Hot Rod Association Incorporated and the group as at 30 June 2014 and the financial performance for year then ended.

Ingham Mora