

# **Annual Report**

Hamilton Cosmopolitan Club Incorporated  
For the year ended 31 March 2024

Prepared by Morgan Ellery Hamilton Cosmopolitan Club Treasurer

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Hamilton Cosmopolitan Club (Inc.)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Hamilton Cosmopolitan Club (Inc.) (the society) on pages 5 to 26, which comprise the entity information, statement of service performance, balance sheet as at 31 March 2024, and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the society as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, the Society.

#### Material Uncertainty Related to Going Concern

I draw attention to the net surplus of \$12,727 incurred during the year ended 31 March 2024 (a \$57,372 loss in 2023) and note 21 in the financial statements which shows that as of that date, the society's current liabilities exceeded its total assets by \$250,172 (\$262,073 in 2023). These conditions, along with other matters as set forth in note 21, indicate the existence of a material uncertainty that casts significant doubt about the society's ability to continue as a going concern.

If the society were unable to continue in operation, adjustments would have to be made to reflect this situation. Assets will probably have to be realised at values below the amounts they are currently recorded at in the Statement of Financial Position. In addition, the society may have to provide for further liabilities that might arise, and to reclassify fixed assets as current assets.

#### Committee's Responsibilities for the Financial Statements

The committee are responsible on behalf of the society for the preparation of financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the committee 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 committee 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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) 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 financial statements.

A further description of our responsibilities, which form part of our auditor's report, for the audit of the financial statements is located at External Reporting Boards website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

### **Restriction on the Auditor's Responsibilities**

This report is made solely to the members of the society, as a body, in accordance with the Financial Reporting Act 2013 and the Gambling Act 2003. Our audit work has been undertaken so that we might state to the society's 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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on Other Legal and Regulatory Requirements**

Hamilton Cosmopolitan Club (Inc.) has licenses to operate Gaming Machines (License No. GMV699 and GM482), which was granted under the Gambling Act 2003. In our opinion these activities have been carried out in accordance with the Act.



Glenn Sullivan Chartered Accountant Ltd, Whakatane, 21 May 2024

# Entity Information

Hamilton Cosmopolitan Club Inc  
For the year ended 31 March 2024

## Nature of Business

Providing its members and the wider community with gaming and sporting facilities, as well as food and beverage service and live entertainment.

## Address

32 Claudelands Rd, Hamilton, Waikato, 3216

## Incorporation Number

HN 1965/31

## IRD Number

013-063-737

## Executive Committee

Ray Lord (President)  
John Davidson (Vice President)  
Bevan Smith  
Thea van Kempen  
John Davidson  
Alan Eichmann  
Rob Shirley

## Board of Appeal

Steve Taylor  
Rod Carmichael  
Myles Gedye

## Life Members

C. Blake, R.E Hosking, N.F Mildon, A. Stewart, C. Stanwell, J. Hewitt, P. Hewitt.

## Award for Meritorious Service

A. Bell, C. Britton, J. Burgess, N. Campbell, P. Gouk, R. Hosking, B. Mischevski, G. Mossman  
P. Ramsey, K. Rogers, Z. Rogers, D. Russell, E. Vale, D. Ward, P. Wilson, K. Wood, T. van Kempen, J. Neal, A. Neal  
M. Dunn, M. Ellery.

## Management Team

Morgan Ellery (Office Manager/Secretary/Treasurer/Acting Manager)

## Duty Managers

Morgan Ellery, Miranda Murphy, Cheri MacDonald, Pammy Thompson

## Returning Officer

Peter Wilson

## Bankers

ANZ Bank

## Auditor

Glenn Sullivan Chartered Accountant Limited

# Entity Information

Hamilton Cosmopolitan Club Inc

For the year ended 31 March 2024

## Entities Outcomes

Providing its members and the wider community with gaming and sporting facilities, as well as food and beverage service and live entertainment.

	<u>2024</u>	<u>2023</u>
<b>Membership</b>	583	450

## Capital Works

Continued repairs were made by qualified volunteers, electrical, painting, glaziers, steel fabrication etc. Insurance repairs to side fence from Cyclone Gabriel.

## Events

Continued regular social events. The sub clubs were active and major darts, snooker/billiards tournaments as well as the usual 8 ball, golf, fishing tournaments. The Bowling green was used for social roll ups. Weekly quiz nights continued throughout the year and social function were held for Matariki Day, St Patrick's Day and Melbourne Cup Day. Band nights remained as fixtures as well.

## Dining Facilities

As such the bistro catered for many private functions and with Bistro Meals continuing in the main Bar area.



# Approval of Financial Report

Hamilton Cosmopolitan Club Inc  
For the year ended 31 March 2024

The Executive Committee is pleased to present the approved financial report including the historical financial statements of Hamilton Cosmopolitan Club Incorporated for year ended 31 March 2024.

APPROVED

For and on behalf of the Executive Committee.

Ray Lord

President



Date..... 21 May 2024 .....

# Statement of Financial Performance

Hamilton Cosmopolitan Club Inc  
For the year ended 31 March 2024

	Notes	2024	2023
<b>Trading Income</b>			
Trading Income	2	1,344,792	1,244,130
<b>Total Trading Income</b>		<b>1,344,792</b>	<b>1,244,130</b>
<b>Cost of Sales</b>			
Cost of Sales & Direct Costs	2	(856,291)	(884,098)
<b>Total Cost of Sales</b>		<b>(856,291)</b>	<b>(884,098)</b>
<b>Gross Profit</b>		<b>488,501</b>	<b>360,032</b>
<b>Other Income</b>			
Other Income	3	112,385	108,803
<b>Total Other Income</b>		<b>112,385</b>	<b>108,803</b>
<b>Expenses</b>			
Administration	4	(566,484)	(506,167)
IRD Penalties		(1,378)	0
<b>Total Expenses</b>		<b>(567,862)</b>	<b>(506,167)</b>
<b>Net Finance Costs</b>			
Finance Income	5	484	343
<b>Finance Costs</b>			
Interest	5	(20,780)	(20,383)
<b>Total Finance Costs</b>		<b>(20,780)</b>	<b>(20,383)</b>
<b>Total Net Finance Costs</b>		<b>(20,296)</b>	<b>(20,040)</b>
<b>Net Surplus (Deficit) for the Year</b>		<b>12,727</b>	<b>(57,372)</b>

These financial statements should be read in conjunction with the attached Audit Report.





# Balance Sheet

Hamilton Cosmopolitan Club Inc

As at 31 March 2024

	Notes	2024	2023
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6	100,352	90,029
Trade and Other Receivables	8	15,551	34,359
Inventories	7	15,696	16,687
<b>Total Current Assets</b>		<b>131,599</b>	<b>141,075</b>
<b>Non-current Assets</b>			
Property, Plant and Equipment	9	3,464,503	3,496,973
Intangible Asset - Car Park		0	0
<b>Total Non-Current Assets</b>		<b>3,464,503</b>	<b>3,496,973</b>
<b>Total Assets</b>		<b>3,596,102</b>	<b>3,638,048</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank Overdraft and Charge Cards	6	45,874	49,984
Trade and Other Payables	10	210,351	222,919
Employee Entitlements	11	86,149	79,088
Loans	13	39,397	51,157
<b>Total Current Liabilities</b>		<b>381,771</b>	<b>403,148</b>
<b>Non-Current Liabilities</b>			
Loans	13	60,937	94,233
<b>Total Non-Current Liabilities</b>		<b>60,937</b>	<b>94,233</b>
<b>Total Liabilities</b>		<b>442,708</b>	<b>497,381</b>
<b>Net Assets</b>		<b>3,153,394</b>	<b>3,140,667</b>
<b>Members' Funds</b>			
Accumulated Funds	14	862,441	849,714
Asset Revaluation Reserve	14	2,290,953	2,290,953
<b>Total Members' Funds</b>		<b>3,153,394</b>	<b>3,140,667</b>

These financial statements should be read in conjunction with the attached Audit Report.



# Statement of Changes in Equity

Hamilton Cosmopolitan Club Inc

For the year ended 31 March 2024

	2024	2023
<b>Total Funds Employed</b>		
Opening Balance	3,140,667	3,198,039
<b>Increases</b>		
Asset Revaluation (Land & Buildings)	0	0
Profit/(Loss) for the Period	12,727	(57,372)
<b>Total Increase</b>	<b>12,727</b>	<b>(57,372)</b>
<b>Decreases</b>		
Prior period adjustment	0	0
<b>Total Decreases</b>	<b>0</b>	<b>0</b>
<b>Total Total Funds Employed</b>	<b>3,153,394</b>	<b>3,140,667</b>

These financial statements should be read in conjunction with the attached Audit Report.



# Statement of Cash Flows

Hamilton Cosmopolitan Club Inc

For the year ended 31 March 2024

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	1,409,360	1,334,900
Payments to suppliers and employees	(1,357,995)	(1,248,126)
Interest received	485	343
Finance costs	(20,169)	(20,383)
GST	17,808	21,878
<b>Total Cash Flows from Operating Activities</b>	<b>49,489</b>	<b>88,612</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of property, plant and equipment	10,000	0
Payment for property, plant & equipment	0	(1,450)
Payment for investments	0	0
<b>Total Cash Flows from Investing Activities</b>	<b>10,000</b>	<b>(1,450)</b>
<b>Cash Flows from Financing Activities</b>		
Covid-19 Wage Subsidy Received	0	0
Loans from related parties	0	0
Proceeds of long-term loans	0	0
Repayment of long-term loans	(45,056)	(81,831)
<b>Total Cash Flows from Financing Activities</b>	<b>(45,056)</b>	<b>(81,831)</b>
<b>Net Cash Flows</b>	<b>14,433</b>	<b>5,331</b>
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	40,045	34,714
Cash and cash equivalents at end of period	54,478	40,045
<b>Net change in cash for period</b>	<b>14,433</b>	<b>5,331</b>
These financial statements should be read in conjunction with the attached Audit Report.		



# Notes to the Financial Statements

Hamilton Cosmopolitan Club Inc  
For the year ended 31 March 2024

## Reporting Entity

Hamilton Cosmopolitan Club Incorporated is an Incorporated Society registered under the Incorporated Societies Act 1908 and is engaged in the business of providing its members and the wider community with gaming and sporting facilities, as well as food and beverage service and live entertainment.

The Club is a public benefit entity for the purpose of financial reporting in accordance with the Financial Reporting Act (2013).

These Financial Statements are comprised of a statement of financial performance, statement of movements in equity, balance sheet, statement of cash flows, accounting policies and the following Notes to the financial statements.

## Basis of Preparation

### (a) Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Club has elected as a Tier 2 reporting entity as the Gambling Act 2003 required Class 4 societies to prepare financial statements in accordance with NZ GAAP.

The Gambling Act 2003 classifies gambling based on the amount of money spent and the risk of problem gambling associated with an activity. Classes of gambling range from Class 1 (representing low-stake, low-risk gambling) to Class 4 (representing high-risk, high-turnover gambling).

Class 4 gambling is defined as any activity that involves the use of a gaming machine outside a casino and may be run only by a corporate society and only to raise money for authorised purposes.

### (b) Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

### (c) Consistency

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period. Certain comparatives have been reclassified to conform with the current period classifications.



## **Significant Accounting Policies**

The significant accounting policies of the Club are detailed below.

### **1. Revenue Recognition**

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Club, and measured at the fair value of consideration received or receivable.

In relation to the Club's revenue streams, the following specific recognition criteria must also be met before revenue is recognised.

#### **(a) Revenue from exchange transactions**

##### *Membership fees*

Revenue is recognised over the period of the membership (usually 12 months). Amounts received in advance for memberships relating to future periods are recognised as a liability until such time that period covering the membership occurs.

##### *Sale of goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### **(b) Revenue from non-exchange transactions**

Non-exchange transactions are those where the Club receives an inflow of resources (ie cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

##### *Debt forgiveness*

The de-recognition of financial liabilities, non-exchange revenue relating to debt forgiveness is recognised at the point at which the contractual obligations for repayment are discharged, cancelled or expire.



	2024	2023
<b>2. Gross Profit by Area of Operation</b>		
<b>Bar Operation</b>		
Bar Sales	660,170	633,730
Cost of Sales	(200,742)	(198,972)
Direct Costs	(9,167)	(15,460)
Wages	(101,311)	(177,282)
<b>Total Bar Operation</b>	<b>348,950</b>	<b>242,016</b>
<b>Bistro Operation</b>		
Bistro Sales	224,131	210,354
Cost of Sales	(91,489)	(89,875)
Direct Costs	(1,725)	(4,235)
Wages	(138,100)	(139,986)
<b>Total Bistro Operation</b>	<b>(7,183)</b>	<b>(23,742)</b>
<b>Gaming Machines</b>		
Gaming Machine Receipts	337,169	324,956
Direct Costs	(195,873)	(200,214)
<b>Total Gaming Machines</b>	<b>141,296</b>	<b>124,742</b>
<b>TAB</b>		
TAB Commission	5,048	7,698
Wages	(9,874)	(1,302)
<b>Total TAB</b>	<b>(4,826)</b>	<b>6,396</b>
<b>Bus Operation</b>		
Bus Fares	1,067	6,591
Depreciation	0	(443)
Motor Vehicle Expenses	(1,835)	(12,787)
Wages	0	0
<b>Total Bus Operation</b>	<b>(768)</b>	<b>(6,639)</b>
<b>Uber Operation</b>		
Uber Fares	11,127	0
Cost	(20,653)	0
<b>Total Bus Operation</b>	<b>(9,526)</b>	<b>0</b>
<b>Raffles</b>		
Raffle	50,407	44,691
Operating Costs	(30,011)	(33,332)
<b>Total Raffles</b>	<b>20,396</b>	<b>11,359</b>
<b>Sub-Clubs</b>		
Income	55,673	16,110
Direct Costs	(55,511)	(10,210)
	<b>162</b>	<b>5,900</b>
<b>Total Gross Profit by Area of Operation</b>	<b>488,501</b>	<b>360,032</b>

	2024	2023
<b>3. Other Income</b>		
Car Parking	1,196	2,504
Coffee Machine Income	3,504	2,032
Cover Charges - Entertainment	5,970	3,891
Covid-19 Wages Subsidy	1,200	2,794
Donations Received	3,784	19,158
Gain on disposal of Fixed assets	7,490	0
IRD Resurgence Support	0	7,652
Pool Tables Income	126	256
Rental Income	19,995	13,609
Room Hire	7,950	9,009
Snooker Tables Income	4,285	4,040
Sub Club Donations	6,000	417
Subscriptions Received	37,143	29,396
Other Income	13,742	14,045
<b>Total Other Income</b>	<b>112,385</b>	<b>108,803</b>



	2024	2023
<b>4. Administration Costs</b>		
Accident Compensation Levy	3,256	3,776
Accountancy	(1,979)	7,461
Advertising	366	475
Affiliation & Registrations	2,403	3,221
Amortisation	0	18,387
Audit	15,022	16,021
Bank Charges & Eftpos	3,644	1,276
Cleaning Supplies	5,057	2,818
Coffee Machine	2,843	2,951
Communication	3,233	3,344
Computer Maintenance and Support	946	1,771
Depreciation	18,631	21,375
Document Centre	5,347	7,306
Entertainment	30,771	22,594
General Expenses	5,670	605
Grants	0	0
Hospitality	4,465	5,540
Insurance	16,445	33,449
Legal Expenses	24,806	3,956
Light, Power, Heating	62,036	52,989
Member's Jackpots (Draws) and Adjunct Prizes/Support	4,269	3,280
Minor Assets	1,936	17
Operating Lease Payments	0	0
Printing, Stationery & Postage	4,652	5,693
Rates	25,010	21,454
Repairs & Maintenance	17,626	18,058
Sanitary Services	8,600	6,836
Security	1,390	1,015
Staff Expenses	5,720	4,865
Sub-Club Support	10,128	7,235
Subscriptions	10,718	9,468
Telephone, Tolls & Internet	0	0
Travel Expenses	1,094	1,255
Vouchers/Prizes	2,490	5,792
Wages and Salaries	269,889	211,884
<b>Total Administration Costs</b>	<b>566,484</b>	<b>506,167</b>
	<b>2024</b>	<b>2023</b>

#### 5. Net Finance Costs

<b>Finance Income</b>		
Interest Received	485	343
<b>Total Finance Income</b>	<b>485</b>	<b>343</b>
<b>Finance Costs</b>		
<b>Interest Paid</b>		
Interest on Loans	10,843	13,777
Interest on Overdraft	7,256	6,138
Interest - IRD	1,713	282
Interest - Other	968	186
<b>Total Interest Paid</b>	<b>20,780</b>	<b>20,383</b>
<b>Total Finance Costs</b>	<b>20,780</b>	<b>20,383</b>
<b>Total Net Finance Costs</b>	<b>20,295</b>	<b>20,040</b>

Finance income comprises interest income on funds invested. Finance costs comprise interest expense on borrowings.

Interest on gaming is included in direct gaming costs: 2024      2023  
0                      0



	2024	2023
<b>6. Cash and Cash Equivalents</b>		
<b>Current Assets</b>		
ANZ Gaming Account	1,289	3,788
ANZ Manager's Imprest Account	2	3,502
ANZ On Call Account	25	27
Petty Cash	249	156
Cossie Other Savings	51	46
Debit Card	969	0
Licencing Fees Account	4,041	2,073
Cash on Hand (Floats)	39,663	34,998
Members' Draw Tin	3,269	1,091
Social Bowls	1,677	1,488
Tax Savings	12,763	2,190
Fundraiser	275	2,735
Sub-Club Accounts	36,079	37,935
<b>Total Current Assets</b>	<b>100,352</b>	<b>90,029</b>
<b>Current Liabilities</b>		
ANZ General Account	(45,874)	(49,982)
Debit Card	0	(2)
<b>Total Current Liabilities</b>	<b>(45,874)</b>	<b>(49,984)</b>
<b>Total Cash and Cash Equivalents</b>	<b>54,478</b>	<b>40,045</b>

The Club has an overdraft facility of \$70,000 at an interest rate of 2.45%pa with the ANZ Bank.

	2024	2023
<b>7. Inventory</b>		
<b>Assets</b>		
Stock on Hand - Bar	12,855	14,324
Stock on Hand - Bistro	2,841	2,363
<b>Total Assets</b>	<b>15,696</b>	<b>16,687</b>
<b>Total Inventory</b>	<b>15,696</b>	<b>16,687</b>

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed costs at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

	2024	2023
<b>8. Trade and Other Receivables</b>		
Accounts Receivable	3,299	5,800
Prepayments	12,252	28,559
<b>Total Trade and Other Receivables</b>	<b>15,551</b>	<b>34,359</b>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, otherwise they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.





	2024	2023
<b>9. Property, Plant and Equipment</b>		
<b>Land &amp; Buildings</b>		
Land & Buildings at valuation	3,431,450	3,431,450
Accumulated depreciation - buildings	(88,565)	(81,142)
<b>Total Buildings</b>	<b>3,342,885</b>	<b>3,350,308</b>
<b>Plant and Equipment</b>		
Plant and machinery owned	622,439	622,439
Accumulated depreciation - plant and machinery owned	(548,388)	(537,180)
<b>Total Plant and Equipment</b>	<b>74,051</b>	<b>85,259</b>
<b>Vehicles</b>		
Vehicles owned	0	15,000
Accumulated depreciation - vehicles owned	0	(12,490)
<b>Total Vehicles</b>	<b>0</b>	<b>2,510</b>
<b>Gaming Assets</b>		
Gaming Assets	504,217	504,217
Less Accumulated Depreciation on Gaming Assets	(456,650)	(445,321)
<b>Total Gaming Assets</b>	<b>47,567</b>	<b>58,896</b>
<b>Total Property, Plant and Equipment</b>	<b>3,464,503</b>	<b>3,496,973</b>
<b>Intangible Assets</b>		
Car Park Right to lease	18,387	18,387
Accumulated Amortisation	(18,387)	(18,387)
	<b>0</b>	<b>0</b>

#### (a) Recognition and measurement of property, plant and equipment

Items of property, plant and equipment are initially measured at cost. They are subsequently measured under either the:

- Cost model: Cost less accumulated depreciation and impairment
- Revaluation model: Fair value, less accumulated depreciation and accumulated impairment losses recognised after the date of the most recent re-valuation. The valuations are based on the latest QV (rating) valuations, which were done on the 1 September 2021.

Valuations are performed with sufficient frequency to ensure that the fair value of a re-valued asset does not differ materially from its carrying amount.

Gains and losses on re-valuation are recognised in other comprehensive revenue and expense, and presented in the re-valuation surplus reserve within net assets/equity. Gains or losses relating to individual items are offset against those from other items in the same class of property, plant and equipment, however gains or losses between classes of property, plant and equipment are not offset.

Any re-valuation losses in excess of credit balance of the re-valuation surplus for that class of property, plant and equipment are recognised in surplus of loss as an impairment.

All of the Club's items of property, plant and equipment are subsequently measured in accordance with the cost model, except for land and buildings, which are subsequently measured in accordance with the revaluation model.



Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour
- costs directly attributable to bringing the assets to a working condition for their intended use
  
- when the Club has an obligation to remove the asset or restore the site, and estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Upon disposal of re-valued items of property, plant and equipment any associated gain or losses on re-valuation to that item are transferred from the re-valuation surplus to accumulated surplus.

#### **(b) Subsequent expenditure**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Club. Ongoing repairs and maintenance is expensed as incurred.

#### **(c) Depreciation**

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for buildings it is based on the re-valued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately

Depreciation is recognised in surplus or deficit on a straight-line (SL) or diminishing value (DV) basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The depreciation rates are shown in the table below. Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

<b>Account</b>	<b>Method</b>	<b>Rate</b>
Motor Vehicles	Diminishing Value (100%)	15%
Plant & Equipment	Diminishing Value (100%)	9.1% - 50%
Land	No Depreciation	0%
Buildings	Straight Line	3%
Gaming Assets	Diminishing Value (100%)	10% - 40%



	2024	2023
<b>10. Trade and Other Payables</b>		
Abbotts Insurance	0	32,403
Accounts Payable	84,625	68,176
Covid-19 Wage Subsidy	0	0
GST	60,915	43,107
Members' Deposits	3,685	5,827
Subscriptions in Advance	15,248	28,065
Sub-Clubs - Current Accounts	36,078	35,541
Unspent Funds - Insurance Claim	9,800	9,800
<b>Total Trade and Other Payables</b>	<b>210,351</b>	<b>222,919</b>

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year, otherwise they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

	2024	2023
<b>11. Employee Entitlements</b>		
Accrued Wages	36,280	7,695
Provision for Holiday Pay	49,869	71,393
<b>Total Employee Entitlements</b>	<b>86,149</b>	<b>79,088</b>

Liabilities for annual leave and unpaid wages are accrued and recognised in the balance sheet. Annual leave is recorded at the un-discounted amount expected to be paid for the entitlement earned.

	2024	2023
<b>12. Leases</b>		
Operating Lease on Solar Power Panels, Chiller & Copier		
0-1 Year	25,226	23,381
2-5 Years	86,077	81,602
over 5 Years	44,677	61,431
	<b>155,980</b>	<b>166,414</b>

**(a) Classification and treatment**

Leases in terms of which the Club assumes substantially all the risks and rewards of ownership are classified as finance leases.

*Finance Leases:*

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

*Operating Leases:*

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the Club's balance sheet. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.



## (b) Determining whether an arrangement contains a lease

At the inception of an arrangement the Club determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met;

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and
- the arrangement contains a right to use the assets(s).

At inception or on reassessment of the arrangement, the Club separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair use values. If the Club concludes for a finance lease that it is impracticable to separate the payments reliably, then the asset and a liability are recognised at an equal to fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Club's incremental borrowing rate.

## (c) Current Lease Commitments

### Operating Lease: Document Centre

The Club has a lease agreement with Print Matters over 5 years at \$373.80 (excl.GST) per month which commenced in July 2022. This Document Centre remains the property of Print Matters.

### Operating Lease: Beverage Dispenser Equipment

The club has a lease agreement with Auckland Finance Limited over 3 years at \$492 (excl GST) per month which commenced in August 2020.

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table above.

	2024	2023
<b>13. Loans</b>		
<b>Current Portion (due in next 12 months)</b>		
ANZ Loan	31,223	27,561
Covid-19 Government Loan	8,174	14,282
Oxford Finance	0	9,314
<b>Total Current Portion (due in next 12 months)</b>	<b>39,397</b>	<b>51,157</b>
<b>Non-Current Portion</b>		
ANZ Loan	60,937	94,233
<b>Total Non-Current Portion</b>	<b>60,937</b>	<b>94,233</b>
<b>Total Loans</b>	<b>100,334</b>	<b>145,390</b>

The Club initially recognises financial instruments when the Club becomes a party to the contractual provisions of the instrument. The Club de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Club de-recognises a financial liability when it's contractual obligations are discharged, cancelled or expire. The Club also de-recognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Club has legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

#### Commentary

ANZ Bank New Zealand Limited (ANZ) has a general security agreement over all present and after acquired property and a first registered mortgage over the property at Claudelands Road, Hamilton to the value of \$2,000,000.

The loan from ANZ was originally drawn down on 9 February 2016 in the amount of \$250,000 to be repaid over 10 years. The loan has a floating interest rate, which at 31 March 2023 was 7.95% p.a. There is also a \$70,000 overdraft facility with an interest rate of 7.70%p.a.

Independent Liquor holds a security over their products until they are paid in full.

Metcash Trading Ltd holds a security over products supplied by Tasman Liquor Co Ltd.

DB Breweries Limited holds security over their products supplied by Tasman Liquor Co Ltd.

Burns & Ferall Ltd holds security over their products supplied by Tasman Liquor Co Ltd.

Auckland Finance Limited holds security over the beverage dispensing equipment.

Finance Now Ltd holds security over the coffee machine, Jua X8 Platinum.

Energy Lease PTY Limited holds security over the supply of the rented solar power panels.

BOC holds security over their gas cylinders

	2024	2023
<b>14. Total Funds Employed</b>		
<b>Accumulated Funds</b>		
Accumulated funds - Gaming	8,702	7,618
Accumulated funds - Trading	853,740	842,096
<b>Total Accumulated Funds</b>	<b>862,441</b>	<b>849,714</b>
<b>Asset Revaluation Reserve</b>		
Opening Balance	2,290,953	2,290,953
Asset Revaluation (Land & Buildings)	0	0
<b>Total Asset Revaluation Reserve</b>	<b>2,290,953</b>	<b>2,290,953</b>
<b>Total Funds Employed</b>	<b>3,153,394</b>	<b>3,140,667</b>

	2024	2023
<b>15. Auditor's Remuneration</b>		
Audit Fees	18,777	18,692
<b>Total Auditor's Remuneration</b>	<b>18,777</b>	<b>18,692</b>

	2024	2023
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## 16. Related Parties

<b>Loans</b>		
Sub-Club: Outdoor Bowls	0	0
<b>Total Loans Outstanding at Year End</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>		
Sub-Club Support	10,128	6,452
<b>Total Expenses</b>	<b>10,128</b>	<b>6,452</b>
<b>Income</b>		
<b>Donations Received</b>		
Sub-Club: Outdoor Bowls	0	0
Sub-Club - Indoor Bowls	0	417
Sub-Club: Ukelele	0	0
Sub-Club: Dance	0	0
Sub-Club: Cricket	0	0
Sub-Club: 8 Ball	0	0
Sub-Club: Golf	0	0
Sub-Club: Sport of Kings (Fishing)	0	0
Sub-Club: Travel	0	0
Sub-Club: Veteran's Club	0	0
Sub-Club: Darts	0	0
Sub-Club: Billiards & Snooker	6,000	0
Committee Members	0	0
<b>Total Loans Forgiven</b>	<b>6,000</b>	<b>417</b>
<b>Total Income</b>	<b>6,000</b>	<b>417</b>

## 17. Goods & Services Tax (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.

## 18. Income Tax

No liability for income tax arises on operating activities within the Club's circle of membership as the Club is a not-for-profit organisation and the income derived is exempt income under the Income Tax Act 2007, section CW44.

## 19. Deferred Revenue

Unearned income in respect of the customer deposits is held on the balance sheet as a liability and classified as deferred revenue in advance, until such time as it can be classified as meeting the definition of revenue.

## 20. Segment Information

The Club operates in one geographical location, being Hamilton New Zealand.

The Club operates predominantly in one sector, being the provision of recreational facilities for the use and welfare of its members. The major recreational facilities from which income is derived are food and beverage sales, gaming machine operations and subscriptions from its membership.



**21. Going Concern & Net Current Assets**

Current Assets	131,599	141,075
Current Liabilities	(381,771)	(403,148)
<b>Total Net Current Assets</b>	<b>(250,172)</b>	<b>(262,073)</b>

The Executive Committee considers for the next 12 months that the operating cash flows of the Club, together with its own bank facilities, will be sufficient to cover the Club's projected operating requirements and to settle or refinance the Club's other liabilities as they fall due. Accordingly, the accounts are prepared on a going concern basis in spite of the Club's current liabilities exceeding its current assets.

The Executive is working with Management to implement a comprehensive review of operations with a view to establishing a positive operating surplus after amortisation and to meet all operating liabilities as they fall due. In the event that the Executive is unable to meet that objective and the Club ceased to operate, the assets as currently shown in the financial statements would need to be revalued to their realisable amounts and reclassified as current assets.

**22. Commitments and Contingencies**

There is a bond in the sum of \$10,000 with the ANZ guaranteeing the operations of the TAB Agency.

The Club had an ongoing dispute with it's neighbour Lisa Lewis and appealed a district court order, the club won the appeal and the Neutrino Trust Ltd owes the club \$6,324. The club owes \$12,000 + GST in Legal Fees for the completion of the Summary Judgement with the Neutrino Trust Ltd (Lisa Lewis' landlord)



### 23. Gambling Requirements

The Hamilton Cosmopolitan Club Inc. operates a registered chartered club at Claudelands Road, Hamilton with eight gaming machines in operation. The Club has an Executive Committee of eight elected each year to oversee the operations of the Club. A Manager is responsible for the day-to-day running of the Club and its staff.

The Club keeps accurate records of the operation of the gaming machines and accounts for the proceeds from these. The authorised purpose distributions of the gaming machine profit of \$140,212 for the year were:

	2024	2023
<b>24. Gaming Income Distributions</b>		
<b>Gaming Direct and Indirect</b>		
Accountancy	0	1,000
Audit	3,755	2,671
Depreciation	11,329	14,094
Electricity & Gas	4,194	2,685
Electronic Monitoring System	10,701	12,483
Gaming Duty	81,935	79,136
Insurance	1,827	1,996
Licence Fees	19,244	21,976
Maintenance	15,383	16,668
Wages	47,505	47,505
<b>Total Gaming Direct and Indirect</b>	<b>195,873</b>	<b>200,214</b>
<b>Authorised Purposes</b>		
ACC Levy	0	3,776
Advertising, Publications & Notifications	84	207
Bookkeeping/Accounting/Audit	9,288	15,346
Communication	3,233	3,344
Computer Expenses	946	1,612
Document Centre	2,674	3,653
Entertainment	15,259	14,815
General Expenses	1,735	376
Insurance	12,791	14,767
Light, Power, Heating	45,282	22,921
Printing & Stationery	3,166	3,718
Rates	20,009	15,232
Repairs & Maintenance	5,817	11,519
Sanitary Services	8,374	6,034
Security Services	1,112	854
Sub-Club	0	2,000
Subscriptions	2,142	4,314
Wages & Salaries	8,300	0
<b>Total Authorised Purposes</b>	<b>140,212</b>	<b>124,488</b>
<b>Total Gaming Income Distributions</b>	<b>336,085</b>	<b>324,702</b>
	<b>2024</b>	<b>2023</b>
<b>25. Gaming Account Summary</b>		
<b>Gaming Receipts</b>		
Reported Gaming Profit	141,296	124,742
Add Back Expenses	195,873	200,214
<b>Total Gaming Receipts</b>	<b>337,169</b>	<b>324,956</b>
<b>Distributed As Below</b>		
Direct Gaming Costs	(195,873)	(200,214)
Authorised Purposes	(140,212)	(124,488)
<b>Total Distributed As Below</b>	<b>(336,085)</b>	<b>(324,702)</b>
<b>Net Gaming Profit/(Loss)</b>	<b>1,084</b>	<b>254</b>
<b>Retained Gaming Profit Brought Forward</b>		
Retained Gaming Profit Brought Forward	7,618	7,364
<b>Total Retained Gaming Profit Brought Forward</b>	<b>7,618</b>	<b>7,364</b>
<b>Retained Gaming Profit/(Loss) Carried Forward</b>	<b>8,702</b>	<b>7,618</b>





## 26. Policy for Minimising Risk of Problem Gambling

Problem gambling is gambling that causes harm or may cause harm. This harm may result from just one gambling session or be the result of regular gambling sessions over a period of time and involving substantial amounts of

The harmful effects of problem gambling can include:

- financial problems
- problems at work (ranging from poor performance to fraud)
- poor parenting and other relationship problems
- family violence
- alcohol abuse
- mental health problems

As such the Club recognises these problems and has taken the following steps to alleviate them:

- 1 Brochures and notices are displayed in the gaming area informing players of the hazards of gambling and
- 2 All gaming machines have now been converted to Personal Information Displays (PIDs)
- 3 All gaming machines do not accept bank notes valued higher than \$20.
- 4 There is a clock prominently positioned in the gaming area
- 5 The Duty Manager is required to participate in training to keep up to date with procedures for identifying
- 6 A person will be identified as a potential problem gambler if any of the following occurs:
  - the person remains in the gaming area for excessively long periods;
  - the person is a frequent visitor to the gaming area each week;
  - the person shows signs of anger or distress while gambling;
  - the person has arguments with other players and staff;
  - the person damages the gaming machine;
  - the person attempts to play two or more gaming machines;
  - the person shows signs of intoxication while playing the gaming machines; or
  - information is received from family or friends that the person is:
    - gambling excessively;
    - possibly obtaining funds illegally for gambling;
    - using money for gambling which has been budgeted for other expenditure; or
    - has left children without adequate supervision while in the gaming area
- 7 Staff on duty will report any observed gambling behaviours that may cause them concern.
- 8 If a problem gambler is identified, the Duty Manager shall approach the person concerned and offer
- 9 The duty Manager will issue an exclusion order to self-identified problem gamblers.
- 10 all gaming machines are located in a separate, defined area of the Club.
- 11 Entry to the Club is restricted to members of the Club, guest of members, and members of an affiliated
- 12 A sign is erected at the entrance to the gaming area advising that persons under 18 years of age are not
- 13 The Club's staff will ask any individual who enters the gaming area who looks under age for photo

### Club Host Responsibility Policy

*(In accordance with the Gambling Act 2003)*

- We only provide gambling opportunities that are considered safe by current New Zealand standards
- Any new gambling products are **least likely** to be associated with harm from gambling
- We only promote gambling activity at our club in responsible ways
- Access to gambling areas by those prohibited by law from gambling at our venue is responsibly blocked and monitored, and access is not enhanced for others known to be vulnerable to harm from gambling
- We provide appropriate information to patrons to enable them to assess the risks of gambling in realistic ways and to monitor their own gambling effectively
- The gambling area of our club is designed to minimise problem gambling behaviours
- Our club is staffed adequately to ensure that staff are able to monitor patrons for signs of problem gambling. Our staff are instructed and appropriately trained to intervene in appropriate ways when any patron shows signs of problem gambling behaviours.
- We assist the community to deal with gambling-related harm and to plan for future gambling related activity.
- A copy of the Policy is available for perusal by all members in the Club Gaming Area and/or from the Club Manager



## **Intention of minimising expenses and maximising returns**

The Hamilton Cosmopolitan Club is committed to minimisation of expenses and the maximising of returns to the community. We will achieve this by;

- Ensuring that time spent on operations of gaming machines requirements is efficient, correct and kept to a minimum so unnecessary time is not charged
- Having systems in place to track income, expenses and authorised purpose trends on a monthly basis, to show a regular assessment of the return to authorised purposes.
- Ensuring compliance with gambling operations, avoiding suspensions or fines including, but not limited to, ensuring grants outside the club are used for the purpose intended and funds are applied as requested in an amount to stay above 37.12% return to authorised purposes that the club has consistently achieved.
- Ensuring all accounts are checked and authorised by the President, Vice President and/or Executive member with cheque-signing authority. The Club Manager has no cheque-signing authority thereby ensuring that all accounts are approved by the above persons.
- Donating to registered charitable organisations and to amateur sporting youth organisations within the Hamilton community.
- Ensuring no donations are given to professional sports people.
- Ensuring all staff and/or any new staff will be fully trained in gaming aspects, where possible staff must attend any gaming courses, within three months of starting.
- All items needing fixing must have two or more quotes to ensure we are getting the best possible price. Where possible club members in the relevant trades are approached.
- Assisting amateur sporting adjuncts like the senior section of the club through the provisions of uniforms, equipment, and reasonable expenses to travel to compete in tournaments.
- Hamilton Cosmopolitan Club will help with welfare payments to needy members through grants or assistance with funeral expenses.

