

HARNESS RACING NEW ZEALND

ANNUAL REPORT

2020-2021 SEASON

Self Assured
2020 NZ Cup Winner



Harnessing excitement, service, integrity and prosperity for our stakeholders and customers





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CHAIR AND CHIEF EXECUTIVE'S

REPORT

OVERVIEW

The 2019/20 season will be remembered by many as the “Covid” season, and while Covid still has a strong grip globally, the 2020/21 season can be considered one of change.

This change started in 2021 with Gary Woodham taking over as Chief Executive in January, following Phil Holden who stepped down from the Board and took the helm as Interim Chief Executive for the seven months prior to Gary’s appointment. We also welcomed Catherine McDonald as the new General Manager of Racing in November 2020.

One of the biggest changes for our sport came on 27 May 2021 at a Special General Meeting of the clubs and kindred bodies, when they agreed that the birthday for all standardbreds in New Zealand would permanently move from 1 August to 1 January.

The change in birthday will have massive implications for our sport. Not only does a change in birthday align us with what’s already happened in Australia and benefit our age-group pacers and trotters, it also gives us an opportunity to completely re-think the racing calendar.

Another significant change relates to the racing reforms and the implementation of the Racing Industry Act 2020 (Act), which has imposed greater responsibilities on the Codes, and a change in function of TAB NZ to be focussed on the generation of income for racing and sport. In addition, Racing New Zealand (RNZ) was created which allows the three Codes to operate together as a group and be the face of discussions with TAB NZ.

Under the Act, the integrity function for racing has been remodelled with the functions of the former Racing Integrity

Unit and the Judicial Control Authority combining in the newly formed Racing Integrity Board (RIB) from 1 July 2021. The Act requires that the method of allocating funds between the racing Codes for the 2021/22 season onwards will change, with export income being paid direct to the Code which earned the income. The three Codes have agreed to a three-year funding model from 2021/22, although some aspects of this model will be reviewed next year. This means that because harness has a relatively low percentage of export income (14.6%) compared to the other two Codes, the overall percentage share has fallen in 2021/22 to 26.6% from 28.7% in 2020/21. The new Code share agreement is based on actual performance for both export income and domestic Gross Betting Revenue (GBR), so initiatives are underway to drive improved performance in both of these areas. The key focus will be on increasing turnover and improving our product to make this more appealing to the punter.

The Act requires that the Codes take measures to ensure adequate representation and involvement of the small racing clubs (those holding three or less betting licences) in the Code’s decision making. This change has been embraced by HRNZ with representation from the small clubs on the working groups for key areas including the 2021/22 funding model and the change of a horses’ birthday. In addition, HRNZ intends to perform a governance review during 2021/22, which will include looking at whether the current Board structure meets the requirements of the Act.

The Board considers that good horse care is paramount, and throughout 2020/21 a number of new initiatives have been implemented to support this area. These initiatives include: the launch of the industry supported HERO programme for the retraining of retired standardbreds; the replacement of freeze brands with microchips as a form of horse identification and the employment of an animal care



Ricky May after winning his 3000th race.



Bettor Twist winning the Northern Oaks.

and education assistant to focus on the traceability of our standardbreds when they retire from the sport. Rule changes will be presented to the 2021 AGM to further strengthen the horse care responsibilities of those persons responsible for the horse during its life in the industry.

Throughout 2020/21 there have been many success stories. More than 50 meetings had turnover exceeding \$1m, with the New Zealand Cup at \$6.5m and Show Day at \$3.1m. June's Harness Jewels at Cambridge was another big success, in terms of both turnover at \$2.7m and as an event the Waikato-Bay of Plenty Harness Club can be very proud of.

Summer racing, including the grass track season, was another jewel in the crown. Crowds flocked to picnic meetings whether it was the Boxing Day races at Westport, Roxburgh, Methven or Banks Peninsula and many others all around the country.

Congratulations to all of the clubs involved for running these summer races that brought communities together and generated such consistent and high turnover. It was a summer where harness racing prospered and gave us all a lot of optimism for what we can achieve in the future.

While we have enjoyed a largely uninterrupted racing season during 2020/21 an outbreak of Covid19 in August 2021, resulted in a nationwide lockdown, with Alert Level four restrictions continuing in Auckland at the time of writing this report. This outbreak has interrupted both training and racing for our horses, although we have worked closely with the other Codes, TAB NZ, RNZ and government bodies to allow training and racing to continue under Alert Level 3 and lower.

RACING HIGHLIGHTS

At first glance a harness racing season like no other actually looked remarkably normal.

If you just read the record book, season 2020/21 had the same winner of the trainer's premiership (Robert Dunn) as the season before and the same leading driver in Blair Orange.

The IRT New Zealand Cup was won, as has tended to be the case in recent years, by a Mark Purdon and Natalie

Rasmussen-trained star in Self Assured, as was the Auckland Cup in Amazing Dream.

Sundees Son was back at the top of the trotters ranks while even smaller details, like Tony Herlihy training two trotting winners on Jewels day, mirrored what had happened the last time the Jewels were run two years earlier at Addington.

What the record books and race replays don't tell are the real stories of a remarkable 2020/21 season, one that ultimately ended on a stunning high with Jewels day at Cambridge.

The season was always going to be unusual after Covid visited us for the first time in 2020, ravaging the end of the 2019/20 season, meaning that great races programmed for late in the season spilt over into 2020/21. It was a wonderful achievement from officials to get races like the new Harness Millions and Sires' Stakes Finals, that were aborted the previous season, run in a congested form last spring before the feature-race programme for 2021 could commence.

Extra pressure was put on clubs, racing administration staff and horse people, but it is also testament to the toughness of the standardbred that many of the same horses who were able to win major races in the spring — American Dealer, Amazing Dream and Copy That — were still winning Group Ones in Queensland in the winter.

Able to hold her form all season from her first Group One challenge until her last was Bettor Twist, whose 11 wins from 16 starts saw her dominate the three-year-old fillies ranks. This put her in the very rare position of being the highest earning domestic harness horse for the season, an elite race honour for one of her age.

Bettor Twist's \$478,725 saw her earn about \$14,000 more than Self Assured, although he took home New Zealand's ultimate harness prize the IRT Cup in dazzling fashion, to head home a Purdon/Rasmussen trifecta over Spankem and Ashley Locaz at Addington in November.

On a Cup day when the champion stable also won the Sires' Stakes Final with It's All About Faith, that Purdon/Rasmussen domination brought a feeling of normality to a Cup Day run with a restricted crowd. A feeling that changed dramatically just days later.

Hard on the back of Cup week the champion trainers announced they were stepping away from fulltime training starting January 1, news that stunned the industry not only in Australasia, but around the world.

Hayden Cullen would eventually take over the famous Rolleston stables and did so with great success, while Purdon and Rasmussen were involved around carnival time, including driving in the biggest races.

Maybe the greatest training partnership in New Zealand harness racing history, one to rival that of Mark's father and brother, Roy and Barry Purdon, was officially over and an incredible era in New Zealand harness racing came to an end.

It was to Cullen's credit that the stable's record in the second half of the season was very similar in strike rate and percentage of group race wins to that of when Purdon and Rasmussen held the reins there.

The other huge star of that incredible Cup week was Sundees Son, whose demolition of the Dominion field was perhaps the performance of the entire carnival considering the depth of our open class trotting ranks.

Majestic Man won three Group Ones, including the Dullard Trotters Cup, for Brad Williamson in a very lucrative raid across the Tasman in February-March.

The delayed feature races of spring saw Bolt For Brilliance and Cracker Hill grow from boys to men with some sensational trotting times at Alexandra Park, Krug and American Dealer provided some two and then three-year-old fireworks with newcomer B D Joe while Bettor Twist's rise was both meteoric and historic.

So too was that of Beyond Words, who started the season an unknown maiden and four months later beat Amazing Dream in the Group One Queen Of Hearts at Alexandra Park before being sold to North America. It was a similar story with Watch Me Now who also downed Amazing Dream in the Breeders Stakes at Addington then headed offshore.

Even after a string of shock defeats it was Amazing Dream who perhaps best summed up the season and harness racing in New Zealand for 2020/21 overall, a season of overcoming challenges and not giving up.

Like us all, as a country and an industry, Amazing Dream had her setbacks along the way, but was brave and at her best when things got toughest, winning not only the Auckland Cup, but holding that form through to take the inaugural Rising Sun in Queensland and the Blacks A Fake. Her form capped an incredible carnival for the Kiwis in the Sunshine State's winter, with Copy That, American Dealer and Krug all winning major races.

Copy That and American Dealer put an exclamation mark on a triumphant season for northern trainer Ray Green who now has the financial backing and stable set up to challenge the established leading trainers Australasia wide in the richest races, with Copy That challenging for the title of our best horse.

Another pacer who starred last season and also looks to have open class glory in his future is Krug, who won the first Harness Million at Alexandra Park in September but carried that form through two sensational Derby wins at Alexandra Park and Addington to end the season our third highest domestic earner.

For all the great performances of summer and through the autumn it was a cold day in June at Cambridge that gave some of the season's superstars the chance to end their seasons in style and have us eagerly awaiting their returns this season.

Jewels Day 2021 saw Akuta produce one of the greatest juvenile performances witnessed in this part of the world, Bettor Twist was sensational overcoming the widest of trips while B D Joe capped a personal best year for Steve and Amanda Telfer by beating Krug in the three-year-old Emerald, with Stonewall Stud clearly a business on the rise.



Sarah O'Reilly
2021 NZ Junior
Driver Champion



The grass track season was another jewel in the crown.



Sundees Son winning the Dominion.



Bolt For Brilliance winning the 4YO Ruby.

In the four-year-old Emerald, South Coast Arden was brutish to signal he will be a factor in the richest races this season for Brent Mangos. The win also capping a special day for Breckon Bloodstock, who share in his ownership, but also bred and owned two Jewels winners on the day.

The trotting races saw Herlihy train and drive Bolt For Brilliance to his second Jewels win while pacing bred filly Double Delight remained unbeaten beating the boys in the two-year-old Ruby.

Five Wise Men made it a clean sweep of the trotting three-year-old features with his victory for Craig and Aimee Edmonds leaving no doubts he is an open class star of the future.

Just how hard it is to win on Jewels day was best summed up by the fact all four New Zealand pacers who went on to win major races in Queensland later in the winter got beaten at the Jewels.

Of course the racing season isn't just about Group Ones and the biggest days.

In the trainers ranks Cullen's arrival was a breath of fresh air while Nathan Williamson showed what a bright future he has with 48 wins and serious group horses coming through to fly the Southland flag with pride.

Others like Regan Todd, Arna Donnelly, Brent White and Bob Butt had career best seasons to show the future of the training ranks is in good hands.

Orange dominated the driving ranks but John Dunn proved he is closing the gap with a massive 148 wins and Matty Williamson also topped the 100 for the first time as an open driver while Tim Williams, Samantha Ottley and Robbie Close all had personal best seasons.

Zachary Butcher beat out his father David 63-62 to be the North Island's leading driver.

The junior drivers ranks saw the premiership hotly contested with John Morrison pipping Sarah O'Reilly by one win (59-58) to win the title but O'Reilly's effort sustained her remarkable rise up the driver's ranks.

The Wigg sisters Sheryl and Cheree were again the country's leading amateur drivers.

It was a season like no other, yet it showed harness racing has an army of talent both equine and human for the changing times that lie ahead.

PERFORMANCE

Harness racing betting turnovers have performed strongly in 2020/21 when compared with the previous season, which was impacted by a cessation of racing for nine weeks in 2019/20. Gross Betting Revenue held steady in 2020/21 compared to 2019/20.

KEY FINANCIAL INFORMATION

On the back of strong turnovers TAB NZ increased the funding to HRNZ for the 2021/22 season to \$46.2m. This represented an increase of \$3.1m compared to our racing season of 2019/20, and \$2.7m of this increase will be paid out as stakes. The funding distribution model allocates funding to clubs to support their venue, race days and tracks and for stakes. From 1 August 2021 100% of the funding allocated to clubs for stakes must be paid out as stakes, when averaged over the whole season.

During 2020/21 we introduced a new funding distribution model to clubs, supported by a club funding policy. Following feedback from clubs at the industry day, this model was further developed with input from four working groups. The updated model is more transparent, and clubs have a clearer idea of what they and other clubs are being paid. The model will be further refined for the 2022/23 funding round, based on feedback from clubs and a more detailed review of training activities, income and costs.

The promotion of racing is also high on our agenda, and we have started weekly specialist harness racing weekly radio shows on radio, both here and in Australia through the SEN network, as well as other initiatives.

HRNZ has introduced a reserves policy which plans to achieve a \$5m general reserve by 31 July 2024. The rationale for this policy is to support six months of operation of HRNZ administration and for club support, which is a prudent approach given the Global pandemic and potential risks to our income.

INTEGRITY

The integrity of our sport is extremely important and is at the heart of all that we do. We have made it clear that without Integrity we will not have a social license to run our sport. We are making changes to make sure those that want to challenge the rules will be penalised, and have asked the Racing Integrity Board to assist us in “cleaning up our sport.”

Any harm to our horses, or misuse of substances will not be tolerated.

FORBURY PARK

Forbury Park held its final race meeting, after 110 years, with Dodgethebullet and Sarah O’Reilly combining to win the last ever race there. The Sapere report, an independent tri-Code Otago-Southland review, had recommended it close and the Board supported this recommendation.

Consultation is currently underway with parties who have an interest in Forbury Park being invited to make a submission, so that HRNZ and the Forbury Park Trotting Club (FPTC) have information to move forward on negotiations on the sale of the St Kilda site.

FPTC will continue as a club with meetings scheduled at Wingatui and Wyndham for the 2021/22 season.

BREEDING INITIATIVES

Away from the racetrack breeding continues to be an issue for the sport, with breeding numbers currently at the lowest they have been since 1965.

We have many strategies to try and turn this around, including the recent appointment of Brad Reid as HRNZ’s Breeding Manager. Brad will be familiar to many of you through his years at the New Zealand Standardbred Breeders Association.

OBITUARIES

In the last year many of those involved in our great sport have died, including former HRNZ Board members Trevor Beaton, Ollie Haines, Pat O’Brien, Jim Wakefield and Denis Nyhan. We thank you for your contributions and we pass on our condolences to your families.

THE FUTURE RACING CALENDAR

The change in horses’ birthday has resulted in a large amount of work looking at a change in programming to ensure that there are the right opportunities for our horses.

For months now focus groups, including administrators, trainers, breeders and other industry participants have been reviewing potential options for our new Racing Calendar. The focus has been on organising “carnivals” where people will be genuinely excited about the racing we are offering. We are excited about the opportunities this once in a lifetime change will bring for our sport.

Currently we are in a transitional season from 1 August 2021 to 31 December 2021, with the new racing season commencing on 1 January 2022.

CLOSING

In this time of change our staff, our biggest asset, have been outstanding, and we thank them for all their hard work and dedication. Some of them have been here a few months (Gary), others for many many years.

Thank you to Phil Holden for leading the organisation at short notice as Interim Chief Executive, and his flexibility in stepping down from the Board to take on this role. We are pleased that Phil was again appointed to the Board once Gary commenced as Chief Executive.

We also would like to thank all the breeders, owners, sponsors, drivers, trainers and other participants that are vital to our sport. We appreciate and acknowledge the support and the work of the New Zealand Standardbred Breeders Association and the New Zealand Sires Stakes Board and other kindred bodies.

The club committees and volunteers are vital to our sport and we thank you for your hard work in running the meetings and races that provide opportunities for horses and generates the income that allows a return to our participants.

We should remember that our future is in our hands, and an exciting future this is.



Chairman
John Coulam



Chief Executive
Gary Woodham

GOVERNANCE STATEMENT

OVERVIEW

From 1 August 2020, the racing industry is governed by the Racing Industry Act 2020. Harness Racing New Zealand (HRNZ) is one of the three code governing bodies recognised under the Act. The Act delegates overall administration responsibility to administer the racing industry to Racing New Zealand (RNZ), comprising the three codes, HRNZ, New Zealand Thoroughbred Racing and Greyhound Racing New Zealand.

HRNZ is the governing body that controls and promotes all harness racing activity conducted in New Zealand. HRNZ sets and administers the rules of racing for harness and maintains a comprehensive database of all registered harness horses in New Zealand, including their racing history.

HRNZ's constitution recognises our racing clubs and three kindred bodies as follows:

- NZ Standardbred Breeders Association
- NZ Harness Racing Trainers and Drivers Association
- NZ Trotting Owners Association

BOARD APPOINTMENT PROCESS

The Board of HRNZ consists of 8 members.

- Four members are elected by all clubs and the kindred bodies, other than the Auckland Trotting Club and New Zealand Metropolitan Trotting Club.
- Auckland Trotting Club and the New Zealand Metropolitan Trotting Club appoint one member each.
- Two independent members who are selected by an Appointments Panel Committee.

The term of appointment for each member is three years, with a maximum of nine years being served from the 2019 AGM. The Board elects the Chairman, Vice Chairman and Finance Chair annually. The Chairman can serve a maximum term of five years.

The Board recognises the importance of diversity and skills balance within its structure.

ROLE OF THE BOARD

The Board supports the principles of Corporate Governance and is committed to maintaining the highest standards within HRNZ.

The Board has specific responsibility for approval of the business plan (including the strategic plan) and budget, approval of capital expenditure, acquisitions and divestments and funding.

The Board's major responsibility is to ensure that all operations are carried out in the best interests of industry stakeholders. In addition, the Board reviews club accounts and has a role to oversee risk management, internal controls, codes of conduct and legal compliance. It is responsible for the appointment of the Chief Executive.

The Board reviews the governance model to ensure that there is a fair representation from the clubs and the kindred bodies and to address any skills and diversity gaps identified.

The Board has eight or nine formal meetings per year, with conference calls as required to consider any urgent requirements. There are two Board Sub-Committees covering Audit and Risk and Rules and Regulations. Board members are appointed to these Sub-Committees with selected industry participants and administrators included to provide specific expertise. The Sub-Committees consider issues and make specific recommendations to the Board for decision. From time to time, the Board may convene working groups to cover specific harness related projects, e.g. Animal Care, Racing Calendar structure.

CONTROLLED ENTITIES AND ASSOCIATES

Up until 31 July 2021, Board members have the following relationships with controlled entities and associates of HRNZ.

The Board appointed a director to:

- Cardigan Bay Holdings Limited (100% controlled entity)
- The Races Limited Partnership (50% controlled entity)
- Racing Integrity Unit (25% controlled entity)



From 1 August 2020, HRNZ are recognised as one of the three parties to Racing New Zealand (RNZ) under the Racing Industry Act 2020.

STRATEGY AND RISK

The Board approves the annual business plan prepared by management, which outlines the HRNZ strategic direction for the next year and includes a five-year vision. The overall key objective identified in the business plan is to improve the financial viability of the industry for all participants. To address this objective six key pillars of strategic importance are considered relating to development of our sport: breeding, racing and wagering, funding, clubs and venues, promotion of racing and horse care.

The Board considers its significant business risks during the Board meetings and through the audit and risk sub-committee. In July 2018, the Board reviewed the HRNZ insurance program as part of the risk management process.

MANAGEMENT DELEGATED AUTHORITY

The Board has delegated its day-to-day management of the organisation to the Chief Executive. There are specific limits in place for the Chief Executive to incur expenditure, enter contracts or leases, or acquire or dispose of assets without Board approval.

MANAGEMENT REPORTING

Management are required to report to each Board meeting in sufficient detail to enable the Board to assess progress against business plans, budgets, strategic goals and major projects. In addition, management reports in detail on compliance with legislative requirements.

ETHICS

The Board is committed to ensuring high ethical standards are observed by the Board and staff of HRNZ and that all industry participants comply with the rules of Harness Racing.

CONFLICTS OF INTEREST

Members of the Board may have potential conflicts of interest by virtue of their being elected or appointed by the composite bodies making up HRNZ, and their participation in the industry as breeders, owners, trainers or drivers. These interests are disclosed at the time of election to the Board.

The Board acts in the overall best interests of harness racing. The Board has a policy of Collective Responsibility which is reviewed and agreed annually.

HRNZ BOARD

John Coulam (Chairman)

John Grainger (Vice-Chairman)

Colin Hair (Finance Chair)

Ken Spicer

Ross Johnson

Kevin McNaught

Phil Holden

Victoria McRae (resigned February 2021)

HRNZ STAFF

Chief Executive: Gary Woodham

General Manager Corporate Services: Liz Bishop

Executive Assistant / Board Secretary: Leanne Holdem

FINANCIAL SERVICES

Finance Manager: Jenny Fleming

Accounts Administrator: Michelle Cameron

Accounts Administrator: Liz Hunter

IT SERVICES

IT Manager: John Toohey

Systems Engineer: Bryce Stenberg

Senior Analyst Programmer: Melanie McLean

Analyst / Programmer: Li Hao (Kane) Sheng

HANDICAPPING

National Handicapper: Andrew Morris

Northern Handicapper: Kevin Smith

RACING & REGISTRATIONS

General Manager Racing: Catherine McDonald

Team Leader – Registrations: Mark Bennet

Registrations Officer: John French

Licensing Secretary: Maria Harris

Registrations & Racing Assistant: Cameron Kirkwood

Registrations & Racing Support: David Rolton

COMMUNICATIONS & MARKETING

Harness News Desk Content Manager: Dave Di Somma

Communications, Website Co-Ordinator: Michelle Harris

Communications, Marketing Co-Ordinator: Courtney Buchanan

EDUCATION & TRAINING

Education & Animal Care Manager: Natalie Gameson

Education Co-Ordinator & HERO Manager: Georgie Bolton

Animal Care & Education Assistant: Meagan Dampier-Crossley





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FINANCE CHAIR'S

REPORT

Financial Position – Reserves Policy

In the 20/21 year the Board further developed its reserves policy by establishing a new General Reserve to provide a degree of “insurance” that HRNZ will be able to continue to operate for a period of six months, plus provide support to Clubs, in the event that HRNZ’s funding from TAB NZ ceases or is significantly reduced. The objective is for this reserve to total \$5 million. Achieving the desired level will take a number of years, and HRNZ will continue making allocations to the reserve in the future.

HRNZ also has a Capital and Other Projects Reserve consisting of the net proceeds from the sale of the Lincoln Road property and the disposal of the four Cardigan Bay hospitality outlets. This reserve totals \$1.4 million at 31 July 2021.

HRNZ Overall Performance

HRNZ ended the year with a surplus of \$6,353,000. This surplus flowed through into reserves. Net HRNZ administration expenditure, before revenue received from TAB NZ was \$2,575,000, in line with the previous year.

Cardigan Bay Holdings Ltd

The sale of the four hospitality outlets was completed during the year.

Associates

Previously HRNZ held a 25% shareholding in the Racing Integrity Unit Ltd. Following the enactment of the Racing

Industry Act, integrity services were incorporated into the Racing Integrity Board, with the assets transferred to that entity with the company to be wound up.

HRNZ also reached agreement with Thoroughbred Racing for the activities of The Races Limited Partnership to be transferred to Thoroughbred Racing and the surplus assets to be distributed.

Balance Sheet

At balance date, HRNZ was in a much improved financial position with total equity of \$9.5 million. This is an improvement of over \$6 million and places HRNZ in a much stronger position to face any uncertainties in the future.



Finance Chair

Colin Hair

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 JULY 2021

	Note	2021	2020
		\$,000 (thousands)	
REVENUE			
Revenue - Exchange Transactions			
Administration and Operations	1	5,535	4,993
TABNZ Funding Revenue	2	45,716	35,350
Interest Income		9	9
Sale of Goods and Services	3	157	110
Share In Surplus Of Associates	4	-	166
		<u>51,417</u>	<u>40,628</u>
Revenue - Non Exchange Transactions			
Covid19 Wage Subsidy		49	228
Fines and Penalties		62	75
TOTAL REVENUE		<u>51,528</u>	<u>40,931</u>
LESS EXPENSES			
Administration and Operations	5	4,811	4,997
Funding Policy Payments	6	40,398	35,114
TOTAL EXPENSES		<u>45,209</u>	<u>40,111</u>
SURPLUS BEFORE TAX		6,319	820
Income Tax Expense	7	-	-
SURPLUS AFTER TAX FROM CONTINUING OPERATIONS		<u>6,319</u>	<u>820</u>
DISCONTINUED OPERATIONS			
Surplus (Deficit) after tax for the year from discontinued operations	12	34	(469)
SURPLUS AFTER TAX AND TOTAL COMPREHENSIVE INCOME		<u>6,353</u>	<u>351</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2021

	CODE DISTRIBUTION	ACCUMULATED FUNDS	GENERAL RESERVE	CAPITAL/ PROJECTS RESERVE	TOTAL
\$,000 (thousands)					
Balance, 31 July 2019	195	2,565	-	-	2,760
Surplus For The Year	235	116	-	-	351
Balance, 31 July 2020	430	2,681	-	-	3,111
Surplus For The Year	5,318	1,035	-	-	6,353
Transfer to Reserves		(2,165)	783	1,382	-
Balance, 31 July 2021	5,748	1,551	783	1,382	9,464

These financial statements are to be read in conjunction with the notes on pages 6 to 22

BALANCE SHEET

FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 \$,000 (thousands)	2020
CURRENT ASSETS			
Cash and Cash Equivalents	8	7,834	2,753
Inventory		-	8
Other Financial Assets	9	272	271
Receivables	10	3,066	799
Asset Held for Sale	12	-	277
TOTAL CURRENT ASSETS		11,172	4,108
NON CURRENT ASSETS			
Investment in Associate	4	-	591
Property, Plant and Equipment	11	459	552
Receivables from non Exchange Transactions	9	87	-
TOTAL NON CURRENT ASSETS		546	1,143
TOTAL ASSETS		11,718	5,251
CURRENT LIABILITIES			
Income Received in Advance		-	122
Provisions and Employee Benefit Liabilities	13	159	325
Trade and Other Liabilities	14	1,947	1,545
TOTAL CURRENT LIABILITIES		2,106	1,992
NON CURRENT LIABILITIES			
Provisions and Employee Benefit Liabilities	13	148	148
TOTAL NON CURRENT LIABILITIES		148	148
TOTAL LIABILITIES		2,254	2,140
EQUITY			
Accumulated Funds		1,551	2,681
General Reserve		783	-
Capital and other Projects Reserve		1,382	-
Code Distribution Reserve		5,748	430
TOTAL EQUITY ATTRIBUTABLE TO HRNZ		9,464	3,111
TOTAL LIABILITIES AND EQUITY		11,718	5,251

For and on behalf of the Board who authorise the issue of these financial statements on 30th September 2021.



John Coulam
 Chairman



Colin Hair
 Finance Chair

These financial statements are to be read in conjunction with the notes on pages 6 to 22

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 \$,000 (thousands)	2020
Operating Activities			
Cash was provided from			
Interest Received		9	9
Receipts from Code Distribution and Customers		5,963	7,272
Receipts from Code Distribution to Clubs from RITA		45,716	35,350
		<u>51,688</u>	<u>42,631</u>
Cash was used in			
Funding Policy Payments from Code Distribution		40,398	35,115
Payments to Employees and Suppliers		7,456	6,372
		<u>47,854</u>	<u>41,487</u>
Net Cashflows from Operating Activities	16	<u>3,834</u>	<u>1,144</u>
Investing Activities			
Cash was provided from			
Receipts from Investments		1,010	-
		<u>1,010</u>	<u>-</u>
Cash was used in			
Purchase of Investments		-	5
Purchase of Property, Plant and Equipment		32	3
		<u>32</u>	<u>8</u>
Net Cashflows from (used in) Investing Activities		<u>978</u>	<u>(8)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		4,810	1,136
Add: Opening Cash and Cash Equivalents		3,061	1,925
Closing Cash and Cash Equivalents	8	<u>7,871</u>	<u>3,061</u>
Represented by			
Cash At Bank		5,152	46
Short Term Deposits		2,682	2,707
Cash at Bank attributable to Discontinued Operations		37	308
	8	<u>7,871</u>	<u>3,061</u>

These financial statements are to be read in conjunction with the notes on pages 6 to 22

Notes to the Financial Statements

REPORTING ENTITY

Harness Racing New Zealand Incorporated (HRNZ) is an incorporated society registered and domiciled in New Zealand. It is a racing code as defined in the Racing Industry Act 2020. The HRNZ (Group) consisted of the operations of HRNZ (the Parent) and the subsidiary company Cardigan Bay Holdings Ltd (CBHL) which operated hospitality businesses. The Parent, HRNZ no longer has a financial interest in Racing Integrity Unit Ltd (RIUL), or The Races Limited Partnership (TRLP).

The primary objectives of HRNZ are to:

- Determine the Harness Racing code's funding policy and business plan, including race meeting performance targets and the distribution of funds to maximise and sustain financial benefits to harness racing clubs, owners and licence holders.
- Deliver harness races for wagering customers through broadcast and on course events.
- Define, regulate and amend the Rules and Regulations of Harness Racing in accordance with HRNZ's Constitution.

Any equity has been provided with a view to supporting the objectives rather than making a financial return. Accordingly HRNZ has designated itself as a public benefit entity for financial reporting purposes.

BASIS OF PREPARATION

Statement of Compliance: The consolidated financial statements have been prepared in accordance with HRNZ's Constitution and the Racing Industry Act 2020 which require compliance with Generally Accepted Accounting Practice in New Zealand ('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 1, Not-For-Profit, Public Benefit Entities.

Basis of Measurement: The financial statements have been prepared on the basis of historical cost except for certain assets and liabilities for which specific accounting policies have been identified. Cost is based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation: Controlled entities are those entities over which HRNZ (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. Potential exercisable or convertible voting rights are considered when assessing whether HRNZ controls another entity.

Controlled entities are fully consolidated from the date on which control is obtained by HRNZ and cease to be consolidated from the date on which control is lost. Assets, liabilities, income and expenses of a controlled entity acquired or disposed of during the year are included in the financial statements from the date HRNZ gains control until the date it ceases to control the entity.

Investments in controlled entities held by HRNZ are accounted for at cost less any impairment charges in the separate financial statements of HRNZ.

Functional Currency: The financial statements are presented in New Zealand dollars which is the functional currency of HRNZ rounded to the nearest thousand dollars (\$'000).

CHANGES IN ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Policies: The financial statements are prepared in accordance with the PBE Standards.

Policies have been consistently applied in the periods reported in these financial statements.

New Accounting Standards and Interpretations issued but not yet effective: The standards and interpretations applicable to HRNZ which have been issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. HRNZ is currently assessing the impact of these new standards and intends to adopt these standards, if applicable, when they become effective or when management assessed early adoption is appropriate:

Standards	Effective application date
• PBE IFRS 9 (Financial Instruments)	FY2022
• PBE IPSAS 41 and effective date of PBE IFRS 9 (Financial Instruments)	FY2023
• PBE FRS 48 (Service Performance Reporting)	FY2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant account policies adopted and used in the preparation of the financial statements to the extent applicable to the financial year are summarised below:

REVENUE

HRNZ is primarily funded through allocations from the Harness Code Distribution Account and revenue from horse and ownership transactions, licencing fees and other activities associated with HRNZ.

Under Accounting Standards IPSAS 9 and IPSAS 23, revenue is required to be classified as either revenue from exchange transactions or revenue from non exchange transactions in the statement of comprehensive revenue and expense.

An exchange transaction is one in which HRNZ receives a consideration of approximately equal value in exchange for sale of goods or rendering of services. Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to HRNZ and it can be reliably measured; it is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from a non-exchange transaction is recognised as soon as the inflow of resources can be recognised as an asset in the financial statements but only to the extent that no corresponding present obligation recognised with respect to the asset received/receivable. Fines and penalties are classified as non-exchange revenue and recognised when they are invoiced.

Administration and Operations Revenue: Is classified as exchange revenue and is recognised either when payment is made or invoiced for transactions with HRNZ.

TABNZ Funding Distribution: This revenue is recognised as an exchange transaction as the Harness Racing Code supply racing product to TABNZ in exchange for a distribution from TABNZ surpluses accumulated from their wagering, betting and gaming activities to Racing New Zealand. Racing New Zealand distribute these surpluses to the three racing codes based on an agreed share.

Interest Revenue: This revenue is derived from short term investments with Westpac for general HRNZ funds, Stakes payments awaiting release, and the two specific investments for Staff Retirement and Cruickshank Junior Drivers. Interest income is recognised on a time basis by reference to the effective interest rate.

Sale of Goods and Rendering of Services: Sales of goods or services are classified as exchange transactions. Revenue from the sale of goods is recognised when HRNZ or CBHL have transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue is recognised at the time of invoicing or when payment is received.

The prior year revenue from the sale of goods and services related mainly to the trading operations of CBHL who operated hospitality businesses. Costs associated with operating these businesses was included with Administration and Operations Expense, Note 5.

Fines Revenue: Is classified as non exchange revenue and recognised when the fine or penalty is invoiced.

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which HRNZ invests as part of day-to-day cash management.

The cash flow statement categorises movements in cash and cash equivalents into the following activity types:

Operating Activities: include cash received from all income sources and record the cash payments made for the supply of goods and services.

Investing Activities: are those activities relating to the acquisition and disposal of non current assets.

Financing Activities: comprises activities that change the equity and debt capital structure.

Notes to the Financial Statements

INVESTMENT IN ASSOCIATES

Associates were entities over which HRNZ had significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates in the prior year were accounted for using the equity method under which the investment is initially recognised at cost and subsequently adjusted to recognise post acquisition changes in HRNZ's share in the associate's comprehensive revenue and expense. Both RIUL and TRLP ceased in the 2021 year.

TAXATION

HRNZ is exempt from paying Income Tax under Section CW47 (1) (c) of the Income Tax Act 2007. CBHL as a trading entity is subject to Income Tax. The Income Tax expense in relation to CBHL's surplus or deficit for the current year comprises current tax and deferred tax.

The following taxes, levies and similar charges are paid by HRNZ and CBHL:

- Goods and Services Tax (GST)
- Fringe Benefit Tax (FBT)
- Employer compulsory Kiwi Saver Contributions
- Accident Compensation Commission (ACC) levies

The financial statements are prepared exclusive of GST, except for trade receivables and some payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

CBHL – Income Tax: *Current tax* relates to the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. This is calculated using the effective tax rates that have been enacted or substantively enacted by balance date.

Deferred Tax relates to the amount of income tax payable or recoverable in future periods in respect of temporary differences and unutilised tax losses. A deferred tax asset is only recognised to the extent that there is reasonable certainty that sufficient taxable surplus will be generated against which the tax losses may be utilised.

Current tax and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

INVENTORY

In the prior year Inventory only related to CBHL and was stated at the lower of cost and net realisable value which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

FINANCIAL ASSETS

Recognition and measurement: HRNZ recognises financial assets when it becomes party to a contract and classifies them depending on management's intention to hold them and the nature of the investments.

All financial assets are recognised initially at fair value. The subsequent measurement and presentation of the financial assets will vary depending on their category currently applicable to HRNZ as follows:

- *Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive revenue and expense when the loans and receivables are derecognised or impaired.

Held-to-maturity are non-derivative debt instruments with fixed or determinable payments that HRNZ has the positive intention and ability to hold to maturity.

There has been no change in classification during the year.

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) HRNZ has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Impairment: At each reporting date, HRNZ assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive revenue and expense.

For financial assets carried at amortised cost, the criteria used to determine whether objective evidence of impairment exists, is the asset's collectability. Collectability is reviewed on an ongoing basis at an operating unit level and other facts and circumstances surrounding the counterparty. For trade receivables, this may also be demonstrated by financial difficulties of the debtor or default payments. An impairment provision is recognised when there is objective evidence that HRNZ will not be able to collect the contractual cash flows associated with the asset.

In the case of equity investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

PROPERTY PLANT AND EQUIPMENT

Recognition and measurement: Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. It is measured initially at cost which includes expenditure that is directly attributable to the acquisition of the asset; an item of property, plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to HRNZ and if the cost or fair value can be measured reliably. Subsequent costs that meet the recognition criteria are recognised in the carrying value of the item of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset on disposal date and reported in the statement of comprehensive revenue and expense.

Depreciation: Depreciation is charged over the useful life of the asset at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life as follows:

Buildings	1.5% Straight Line
Computer equipment	14%-33.3% Straight Line
Furniture, fixtures and equipment	7%-50% Diminishing Value

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment: HRNZ considers its property, plant and equipment as cash generating assets and performs annual impairment testing to determine whether there is any indication that they may be impaired.

If such an indication exists, HRNZ estimates the recoverable amount (i.e., the higher of the asset's fair value less costs of disposal and its value in use). When the carrying amount exceeds the recoverable amount of the asset, it is considered impaired and written down to its recoverable amount. Any impairment losses are included in the statement of comprehensive revenue and expense.

RECEIVABLES

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

Collectability of trade receivables is reviewed on an ongoing basis to assess whether these are impaired based on expected losses, an analysis of historical information and a review of specific individual receivables. An impairment arises when there is objective evidence that HRNZ will not be able to collect the receivable and an impairment allowance is recognised in the statement of comprehensive revenue and expense. Individual debts that are known to be uncollectible are written off when identified.

FINANCIAL LIABILITIES

HRNZ recognises financial liabilities when it becomes party to a contract.

Financial liabilities are recognised initially at fair value and, in the case of payables and loans and borrowings, net of directly attributable transaction costs. Subsequent to initial recognition, HRNZ classifies all existing liabilities as '*Financial liabilities at amortised cost*' and carries them at amortised cost using the effective interest method. Gains and losses associated with these items are reported in the statement of comprehensive revenue and expense.

Financial liabilities end when the obligation under the liability is discharged, cancelled, or expires.

Financial liabilities are classified into the following specified categories: "fair value through profit or loss" and "financial liabilities at amortised cost". Policies in respect of individual categories of financial liabilities are outlined as follows:-

Notes to the Financial Statements

Trade and Other Payables: Trade and Other Payables fall under the category of “financial liabilities at amortised cost”. Trade and Other Payables are recognised when HRNZ becomes obliged to make future payments resulting from the purchase of goods and services. Trade and Other Payables at initial recognition are measured at fair value, and subsequently measured at amortised cost using the effective interest method.

Borrowings: Borrowings fall under the category of “financial liabilities at amortised cost”. Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive revenue and expense over the period of the borrowing using the effective interest method. Currently, HRNZ does not have any borrowings.

HRNZ has no liabilities categorized as financial liabilities at fair value through profit or loss. (2020: nil).

LEASES

Operating Leases: The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments where HRNZ are the lessee are recognised as an expense in the statement of comprehensive revenue and expense on a straight-line basis over the lease term. Operating lease incentives if applicable are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

PROVISIONS AND EMPLOYEE BENEFIT LIABILITIES

Provisions are recognised when it is probable that settlement will be required and that the amount can be measured reliably.

Salaries, Wages and Annual Leave provisions expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay, which are expected to approximate to the remuneration rate applying at the time of settlement.

Retirement Entitlements payable beyond 12 months have been calculated based on the following:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements; and
- the present value of the estimated future cash flows. These amounts are discounted to their present value.

HRNZ’s contributions to defined contribution superannuation schemes (Kiwisaver) are recognised as an expense when incurred and reported in the statement of comprehensive revenue and expense.

ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements HRNZ has made estimates and assumptions concerning the future, based on experience and other factors. These estimates and assumptions may differ from the actual results that may have an impact on HRNZ.

In the prior year HRNZ presented its share of surplus or deficit of its associates RIUL and TRLP using the equity method.

HRNZ has determined that there are no significant estimates and assumptions applied overall in the preparation of these financial statements.

The carrying values of loans are sustained by guarantees which are equal to or higher than the value of any such loans.

DEFINITIONS

Throughout this report specific language is used for various activities related to the racing industry. To assist the reader of this report some definitions are detailed below:

Codes: Refers to the three racing bodies usually referred to as the Codes; namely New Zealand Thoroughbred Racing Incorporated (NZTR), New Zealand Greyhound Racing Incorporated (NZGRA) and Harness Racing New Zealand Incorporated (HRNZ).

Code Funding Distribution: Refers to the prescribed agreement between TABNZ and Racing New Zealand. It represents the methodology by which TABNZ will make distributions to the three racing codes (i.e., Harness, Thoroughbred and Greyhound) through Racing New Zealand.

Code Funding Policy: Represents the methodology by which HRNZ will distribute funding to HRNZ and our Harness Clubs and Kindred Bodies for prize money (stakes) and other racing activities.

Kindred Bodies: Are two of the active associations relative to harness racing which are recognised in HRNZ's constitution: NZ Standardbred Breeders and NZ Trainers and Drivers.

FINANCIAL PERFORMANCE

REVENUE

HRNZ is primarily funded through the Harness Code distributions from TABNZ and revenue from horse and ownership transactions, licencing fees and other activities associated with HRNZ.

Under Accounting Standards IPSAS 9 and IPSAS 23, revenue is required to be classified as either revenue from exchange transactions or revenue from non exchange transactions.

Interest revenue is recognised as it accrues on a time proportionate basis, through the Statement of Comprehensive Revenue taking into account the effective yield.

NOTE 1 ADMINISTRATION AND OPERATIONS

Administration and operations revenue is classified as exchange transactions. Revenue is recognised at the time of invoicing or when payment is received. Such transactions include fees for horse, owner and/or licence transaction and the allocation from our Harness Distribution account \$5,535,000 (2020: \$4,993,000).

NOTE 2 TABNZ FUNDING DISTRIBUTION

TABNZ funding distribution represents revenue received from TABNZ, for the three racing codes, Harness, Thoroughbred and Greyhound, in accordance of the Racing Industry Act 2020.

NOTE 3 SALE OF GOODS AND SERVICES

For the year ended 31 July 2021 this revenue is primarily for provision of IT Services to industry organisations. Previously revenue from the sale of goods and rendering of services related mainly to the trading operations of CBHL's hospitality businesses.

NOTE 4 INVESTMENT IN ASSOCIATES

In the prior year HRNZ held a 25% ownership interest and voting rights in the Racing Integrity Unit Ltd (RIUL). The RIUL was a joint venture company among TABNZ and the three racing codes, which provided integrity services to each of the three codes under a service delivery contract. RIUL was not intended to return a profit.

The RIUL was ended with the introduction of the Racing Industry Act 2020. On 1 July 2021 in line with the Racing Industry Act 2020 requirements, the Racing Integrity Board ("RIB") was established by the Minister for Racing. The RIB will carry out both compliance and adjudication functions with responsibility for ensuring race day compliance with relevant racing rules and appointing adjudicative committees to hear matters in accordance with racing rules.

As a result of the establishment of the RIB, the process was started to wind up the RIUL. HRNZ will not have any shareholding or control of the Racing Integrity Board.

HRNZ's share in RIUL was fully impaired in the 2021 financial year. It's summarised financial information follows:

	2021	2020
	\$,000 (thousands)	
Racing Integrity Unit Limited (RIUL)		
Opening Balance	37	48
Share In Deficit	(37)	(11)
Closing Balance	-	37

Notes to the Financial Statements

Summarised financial information with respect to RIUL is as follows

	2021	2020
	\$,000 (thousands)	
Total Assets	-	1,647
Total Liabilities	-	1,501
Net assets	-	146
Revenue	-	6,305
Expenses	-	6,350
Deficit For The Year	-	(45)
Comprehensive Expense For The Year	-	(45)
HRNZ's 25% Share in Net Assets	-	37
HRNZ's 25% Share of the Deficit	-	(11)

During the financial year ended 31 July 2017 HRNZ, in partnership with Thoroughbred Racing New Zealand, established a 50/50 partnership named The Races Limited Partnership TRLP delivered services to racing clubs to support the marketing and management of events on course.

TRLP was closed down in the current year and HRNZ's share was impaired down to the consideration we received from NZTR.

TRPL was domiciled in New Zealand. Its summarised financial information follows:

	2021	2020
	\$,000 (thousands)	
The Races Limited Partnership (TRLP)		
Opening Balance	555	378
Share In Surplus	(555)	177
Closing Balance	-	555

Summarised financial information with respect to TRLP is as follows

	2021	2020
	\$,000 (thousands)	
Total Assets	-	1,319
Total Liabilities	-	211
Net assets	-	1,108
Revenue	-	3,640
Expenses	-	3,286
Surplus For The Year	-	354
Adjustment for Prior Year	-	-
Comprehensive Revenue For The Year	-	354
HRNZ's 50% Share in Net Assets	-	554
HRNZ's 50% Share of the Surplus	-	177

NOTE 5 ADMINISTRATION AND OPERATING EXPENSE

	2021	2020
	\$,000 (thousands)	
Administration, Marketing, Operations and Publications ¹	4,544	4,651
Board Remuneration and Governance Expenses ²	211	226
Breeders Association Funding	30	96
Trainers and Drivers Association Funding	26	24
	4,811	4,997

¹ Included in this total are:

Fees paid to auditors of \$52,375 (2020: \$24,500) which includes other fees (tax) of \$0 (2020: \$215).

Depreciation \$124,917 (2020: \$146,881).

Included in this total are lease payments and costs for \$198,214 (2020: \$179,547) for HRNZ's leased office premises at 17 Birmingham Drive, Christchurch.

There are a number of smaller leases relating to vehicles.

² Included in this total is the Board Remuneration for the year of \$129,024 (2020: \$129,533).

NOTE 6 CLUB FUNDING POLICY PAYMENTS

These funding policy payments include raceday payments to clubs; and administration, marketing and projects funding to HRNZ and Kindred Bodies in accordance with the Business Plan, Code Funding and Budget approved at the Annual Conference.

NOTE 7 INCOME TAX EXPENSE

HRNZ is exempt from paying income tax under Section CW47 (1) (c) of the Income Tax Act 2007.

CBHL was a trading entity and is subject to income tax. Income tax expense in relation to CBHL's surplus or deficit for the period comprises current tax and deferred tax.

	2021	2020
	\$,000 (thousands)	
<u>Components of Tax Expense</u>		
Current Tax Expense (Income)	-	-
Deferred Tax Expense (Income)	-	-
Total Tax Expense (Income)	-	-
 <u>Reconciliation of Prima Facie Income Tax Expense</u>		
Surplus (Deficit) Before Tax	6,353	351
Non Assessable Surplus (Deficit) - HRNZ	6,012	820
Surplus (Deficit) Taxable Balance	341	(469)
Tax adjustments	(278)	-
Net Taxable Income for the Year	63	-
Prima Facie Tax Expense (Benefit) at 28% (2018: 28%)	63	(131)
Timing Differences		36
Taxation losses not recognised	(63)	95
Total Tax Expense	-	-
	2021	2020
Tax Losses Carried Forward	3,702	3,766

CBHL has unutilised and unrecognised tax losses arising from prior years. There are no other tax planning opportunities or other evidence of recoverability in the near future. These unrecognised tax losses do not expire, and may not be used to offset taxable income elsewhere. On this basis, HRNZ has determined that it cannot recognise deferred tax assets on CBHL's tax losses carried forward.

Notes to the Financial Statements

FINANCIAL POSITION

NOTE 8 CASH AND CASH EQUIVALENTS

	2021	2020
	\$,000 (thousands)	
Cash on Hand	-	2
Cash in Bank	5,152	44
Short-Term Deposits	2,682	2,707
	7,834	2,753

HRNZ administers the Centralised Stakes Payment System on behalf of Clubs, Drivers, Owners and Trainers.

The stakes funds investment is \$220,014 (2020: \$417,021), which relate to race meetings that have not been cleared for payment as at 31 July. HRNZ currently has a bank overdraft facility for a maximum of \$1,200,000 secured over our term deposits. As at 31 July 2021 this facility was set at \$100,000.

NOTE 9 OTHER FINANCIAL ASSETS

	2021	2020
	\$,000 (thousands)	
Provident Fund ¹	58	57
Sulky Fund ²	110	121
Funds Held In Trust³	168	178
Term Deposit	104	94
Loans and Advances	87	-
	359	272
Current Other Financial Assets	272	272
Non Current Other Financial Assets	87	-
	359	272

Funds held in trust relate to interest-bearing re-investment of cash held by HRNZ for the Provident and Sulky Funds which are not available for use by HRNZ; interest received on these Funds are included in their balances.

¹ *Provident Fund* provides grants to licenced industry participants pursuant to *Rules 1501-1511* which are made at the discretion of the Fund Trustees: ³

² *Sulky Fund* provides a limited form of damage type cover for registered sulkies to licenced industry participants pursuant to *Rule 1502* and the *Sulky Fund Regulations*: ³

³ Included in trade and other liabilities are corresponding liabilities with respect to the Provident Fund and Sulky Fund of equal value as to that disclosed above.

NOTE 10 RECEIVABLES

	2021	2020
	\$,000 (thousands)	
Receivables from Exchange Transactions		
Funding Receivable	2,102	35
Trade Receivables	964	764
Total Receivables	3,066	799

As at 31 July 2021 and 2020 balance dates, all overdue receivables have been assessed for impairment, based on expected losses, determined on analysis of historical information as well as a review of individual receivables. There are no impairment provisions on outstanding receivables (2020: nil).

The ageing of HRNZ's receivables is as follows:

	2021	2020
	\$,000 (thousands)	
Neither Past Due Nor Impaired		
Not past due	2,894	758
30-60 days	9	9
Past Due But Not Impaired		
60-90 days	148	1
Over 90 days	15	31
	3,066	799

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

2021	Opening Balances			Current Year Movements				Closing Balances		
	Cost	Acc. Depreciation & Impairment	Carrying Amount	Additions	Net Disposals / Transfers at WDV	Impairment Charges	Depreciation	Cost	Acc. Depreciation & Impairment	Carrying Amount
Computer	492	(395)	97	31	(5)	12	(59)	518	(449)	69
Furniture, Fittings and Equipment	1,517	(1,062)	455	-	(829)	888	(66)	688	(299)	389
	2,009	(1,457)	552	31	(834)	900	(125)	1,206	(748)	458

2020	Opening Balances			Current Year Movements				Closing Balances		
	Cost	Acc. Depreciation & Impairment	Carrying Amount	Additions	Net Disposals / Transfers at WDV	Impairment Charges	Depreciation	Cost	Acc. Depreciation & Impairment	Carrying Amount
Computers	490	(327)	163	4	(2)	-	(68)	492	(395)	97
Furniture, Fittings and Equipment	1,701	(983)	718	1	(185)	-	(79)	1,517	(1,062)	455
	2,191	(1,310)	881	5	(187)	-	(147)	2,009	(1,457)	552

There are no restrictions or contractual commitments over title of any property, plant and equipment.

There are no restrictions or contractual commitments for the acquisition of any property, plant and equipment.

Notes to the Financial Statements

NOTE 12 DISCONTINUED OPERATIONS AND GOODWILL

See Note 4 Investment in Associates RIUL and TRLP. HRNZ exited both these Associates in the current year.

	2021	2020
	\$,000 (thousands)	
Cardigan Bay Holdings Ltd	341	(469)
Racing Integrity Unit Ltd (RIUL)	(33)	-
The Races Ltd Partnership (TRLP)	(274)	-
	<u>34</u>	<u>(469)</u>

	2021	2020
	\$,000 (thousands)	
RIUL		
Revenue Sale of Business	-	-
Impairment of Investment	(33)	-
Result from Discontinued Operations	<u>(33)</u>	<u>-</u>

	2021	2020
	\$,000 (thousands)	
TRLP		
Revenue Sale of Business	319	-
Impairment of Investment	(274)	-
Result from Discontinued Operations	<u>45</u>	<u>-</u>

CBHL DISCONTINUED OPERATIONS

During the 2019/2020 season HRNZ's Board resolved to sell the hospitality venues in its fully owned subsidiary Cardigan Bay Holdings Ltd. At 31 July 2020 CBHL was classified as a discontinued operation and as a disposal group held for sale.

The operating results of the discontinued operation for CBHL were as follows:

	2021	2020
	\$,000 (thousands)	
Revenue Sale of Business	616	-
Revenue Sale of Goods and Services	518	1,887
Revenue Covid19 Wage Subsidy	48	198
Cost Of Sales	(57)	(358)
Other Operating Expenses	(784)	(1,808)
Depreciation	-	(28)
Impairment of Investment	-	(360)
Result from Discontinued Operations Before Taxation	<u>341</u>	<u>(469)</u>
Tax Expense	-	-
Net Result from Discontinued Operations	<u>341</u>	<u>(469)</u>

The major classes of assets and liabilities of CBHL Ltd classified as held for sale as at 31 July 2020 are as follows:

	2021	2020
	\$,000 (thousands)	
Assets		
Cash and Short Term Investments	37	308
Trade Receivable Debtors	37	29
Inventory		32
Fixed Assets		157
Goodwill		-
Total Assets	74	526
Liabilities		
Revenue in Advance	-	(22)
Trade Payable Creditors	(8)	(136)
GST	4	(31)
Employee Liabilities	-	(60)
Total Liabilities	(4)	(249)
Net Assets directly associated with the Asset Held for Sale	70	277

	2021	2020
	\$,000 (thousands)	
The Net Cash flows incurred by CBHL are as follows:		
Operating	-	(158)
Investing	-	-
Financing	-	168
Result from Discontinued Operations Before Taxation	-	10

NOTE 13 PROVISIONS AND EMPLOYMENT BENEFIT LIABILITIES

	2021	2020
	\$,000 (thousands)	
Accrued Salaries and Wages	58	55
Annual Leave	101	180
Retirement Provision	148	148
Due to Racing Integrity Unit Ltd	-	90
	307	473
Current Employee Benefits Liability	159	325
Non-current Employee Benefits Liability	148	148
	307	473

Salaries, wages and annual leave provisions are measured at nominal values based on accrued entitlements at current rates of pay, which are expected to approximate to the remuneration rate applying at the time of payment. Employer contributions to Kiwisaver are recognised as an expense when incurred and reported in the Statement of Comprehensive Revenue and Expense.

HRNZ's provisions relate to employee entitlements and benefits accruing to employees in respect of salaries and wages, annual leave, sick leave and retirement entitlements; the portion due and payable within the next 12 months from balance date is included under current employee benefits liability.

Retirement Entitlement Liability: HRNZ's provision for retirement entitlement liabilities includes the following:

- **Retirement provision:** HRNZ employees who, under their employment contract, commenced prior to 1 April 1992 and have completed at least ten years' service are entitled to a retirement benefit payment (calculated based on individual contract provisions) when they retire from HRNZ; a provision is recognised each year for the allocable amount of entitlement.
- **Due to Racing Integrity Unit Ltd:** On 1 February 2011, five of the eligible employees transferred to the RIUL. Their contract conditions included the retirement benefit.

Notes to the Financial Statements

As of 31 July 2021, there are 2 staff (2020: 3 staff) entitled to the retirement benefit. Any early payment of both HRNZ and RIUL retirement entitlements is made at the discretion of HRNZ Board.

The amount recognised for both types has been calculated based upon the dates when eligible employees are expected to retire, which are between 1 and 20 years from 31 July 2021. It has been assumed that these employees will remain in the employment of HRNZ or RIUL until retirement. A discount rate of 1.73% (31 July 2019: 1.60%) has been applied, as well as an estimated 0.10% (FY 2020: 0.90%) increase in pay rates, in the calculation of the estimated retirement fund liability.

Retirement entitlements payable beyond 12 months have been calculated based on the following:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements; and
- the present value of the estimated future cash flows. These amounts are discounted to their present value.

NOTE 14 TRADE AND OTHER LIABILITIES

Accrued and trade liabilities represent payables for goods and services provided to HRNZ prior to the end of the financial year that are unpaid and normally payable on a 30-day term. 2021: \$1,179,000; (2020: \$1,005,000)

Other liabilities include stakes payable 2021: \$548,000; (2020 \$358,000).

NOTE 15 CONTINGENCIES, COMMITMENTS, GUARANTEES AND INDEMNITIES

OPERATING LEASES

	2021	2020
	\$,000 (thousands)	
0-1 year	58	280
1-5 years	55	777
5+ years		1,445
	113	2,502

The lease for HRNZ's offices in Birmingham Drive commenced on 1 February 2018 with three rights of renewal of five years each, and a final expiry date of 31 January 2034. There are certain restrictions imposed by the landlord on the Birmingham Drive property, for example sub lease of floor space requires their prior approval.

With the exception of the operating leases above, there were nil commitments at 31 July 2021 (2020: nil).

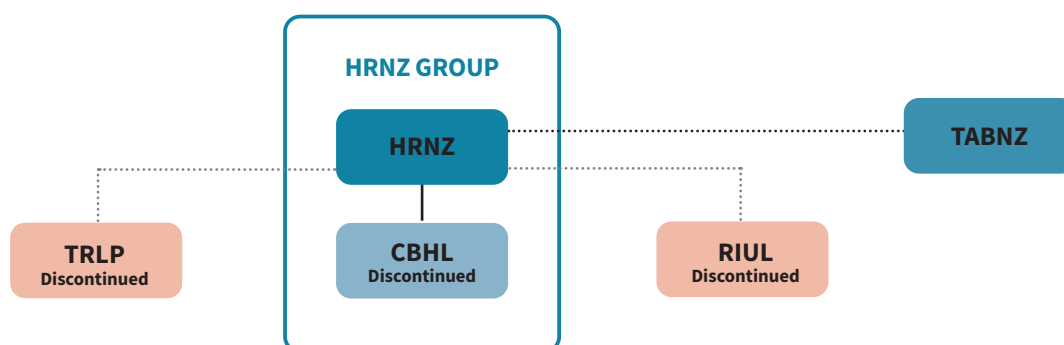
HRNZ holds cover for Directors and Officers Liability, General and Statutory Liability and Professional Indemnity insurance cover in respect of liability for losses incurred by a member of the Board or an employee of HRNZ in the course of their duties to HRNZ.

CONTINGENT GUARANTEES: HRNZ are the guarantor on three of the property leases for Cardigan Bay Holdings Ltd for various terms up to 30 November 2022.

NOTE 16 RECONCILIATION OF NET DEFICIT WITH NET OPERATING CASHFLOW

	2021	2020
	\$,000 (thousands)	
Net Surplus / (Deficit) For The Period	6,353	351
Depreciation	125	175
Share of Surplus in Associates RIUL and TRLP	-	(166)
Writedown of Goodwill	-	360
Writedown of Investment in RIUL & TRLP	307	-
Net loss after tax from discontinued operations	(341)	469
Net Changes In Non-Cash Items	91	838
Other Financial Assets	(1)	295
Net Changes in Investing & Financing Activities	(1)	295

	2021	2020
	\$,000 (thousands)	
Asset Held for Sale	(647)	(277)
Investment in Associate	272	-
Trade Receivables	(2,346)	(212)
Inventory	8	46
Trade and Other Liabilities	402	95
Income Received in Advance	(132)	111
Employee Benefit Liabilities	(166)	(103)
Net Changes in Working Capital	(2,609)	(340)
Net Cashflows from (used in) Operating Activities	3,834	1,144

NOTE 17 RELATED PARTIES**Related Party Transactions - HRNZ Structure and Interest in Other Entities**

HRNZ undertakes transactions with its related parties noted above. No material transactions were entered into with related parties except as disclosed below.

			\$,000 (thousands)	
	% Interest	Nature of Relationship	Transactions & Balances	
			2021	2020
<i>Cardigan Bay Holdings Ltd</i>	100%	Controlled entity	-	170
Funding				
<i>Racing Integrity Unit Ltd</i>	25%	Associate	-	(11)
Other services				
Retirement payable			-	(90)
<i>TABNZ</i>	n/a			
Funding to HRNZ		HRNZ's payments to Clubs	-	3,045
Harness Funding Account Balance			-	35
<i>The Races Ltd Partnership</i>	50%	Associate	-	177

HARNESS RACING CLUBS AND KINDRED BODIES: As part of its normal operations, HRNZ transacts with Harness Racing clubs and Harness Racing Kindred Bodies across New Zealand; these transactions include receipt of stakes, other fees, and the administration of funding to our Harness Clubs. However, these entities are not related parties of HRNZ for financial reporting purposes and it does not exercise control, joint control or significant influence over these entities.

HRNZ BOARD: Transactions took place in the ordinary course of HRNZ's business where a member of the Board is also a member of the governing body of a Club or Kindred Body.

Notes to the Financial Statements

TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL: HRNZ's key management personnel includes members of the Board, the Management Team and their immediate families. Providing HRNZ's Rules do not exclude them; members of the Management Team of HRNZ and Board Members or their immediate families, may race horses and be eligible for stake money from Harness Racing Clubs. Board Members and members of the Management Team may have a horse, licencing and other transactions with HRNZ.

Transactions and balances relating to key management personnel of HRNZ are as follows:

Transactions with Key Management Personnel	2021	2020
	\$,000 (thousands)	
Board Remuneration	129	130
Management Salaries, Wages and Other Benefits	1,072	963
	1,201	1,093

NOTE 18 FINANCIAL INSTRUMENT RISK MANAGEMENT CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	Measurement basis	\$,000 (thousands)	
		2021	2020
Loans and Receivables			
Cash and Cash Equivalents	Amortised cost	7,834	2,753
Loans and Advances	Amortised cost	87	-
Trade and Other Receivables	Amortised cost	3,066	799
		10,987	3,552
Held-To-Maturity Investment			
Other Financial Assets	Amortised cost	272	271
		11,259	3,823
Financial Liabilities at Amortised Cost			
Trade and Other Liabilities	Amortised cost	1,947	1,677
		1,947	1,677

The Board considers that the carrying amount of financial instruments recorded in the financial statements represents their fair value.

Financial Risks are those associated with the financial assets and liabilities of HRNZ which include market risk (capital risk and interest rate risk), liquidity risk and credit risk. These are discussed as follows:

18.1. CAPITAL RISK: The Board manages its capital resources to ensure that HRNZ will be able to continue as a going concern whilst promoting the advancement of the Harness Racing Code. This strategy remains unchanged from the previous year. The capital structure consists of accumulated surplus, code distribution reserve, cash and cash equivalents and investments.

HRNZ prepares a Business Plan for the Harness Code as a whole for each season. This plan details how the Code funding will be allocated during the season. The Board regularly review performance during the season. HRNZ does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. HRNZ does not have externally imposed capital requirements.

18.2. INTEREST RATE RISK: Interest rate risk relates to the risk that the fair value of a fixed debt instrument will not fluctuate due to changes in the underlying market interest rate.

HRNZ is exposed to interest rate risk in relation to its interest bearing financial assets. The risk is managed by monitoring the timing and amount of investments to minimize impact of interest rate changes.

Interest Rate Re-Pricing Analysis

2021	Carrying Amount	Interest Rate Re-pricing			
		< 1 year	1-2 years	2-5 years	5+ years
Cash and Cash Equivalents	7,834	7,834	-	-	-
Other Financial Assets	272	272	-	-	-
	8,106	8,106	-	-	-

2020	Carrying Amount	Interest Rate Re-pricing			
		< 1 year	1-2 years	2-5 years	5+ years
Cash and Cash Equivalents	2,753	2,753	-	-	-
Other Financial Assets	271	271	-	-	-
	3,024	3,024	-	-	-

Interest Rate Sensitivity

	2021	2020
		<i>Surplus (pre-tax)</i>
100 Basis Point Increase	80,696	30,251
100 Basis Point Decrease	(80,696)	(30,251)

Interest rate sensitivity: Variable interest rated financial assets have sensitivity to changes in the underlying interest rates. The sensitivity to a change in interest rates results to an increase or decrease in pre-tax net surplus or deficit.

18.3. LIQUIDITY RISK: Liquidity risk is the risk that HRNZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In general HRNZ generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

HRNZ's exposure to liquidity risk based on undiscounted contractual cash flows is as follows:

2021	Carrying Amount	\$,000 (thousands)				
		Total	< 1 year	1-2 years	2-5 years	5+ years
Cash and Cash Equivalents	7,834	7,834	7,834	-	-	-
Other Financial Assets	272	272	272	-	-	-
Trade and Other Receivables	3,066	3,066	3,066	-	-	-
Employee Benefits Liability	(307)	(307)	(159)	-	-	(148)
Income Received in Advance	-	-	-	-	-	-
Trade and Other Liabilities	(1,947)	(1,947)	(1,947)	-	-	-
Other Provisions						
	8,918	8,918	9,066	-	-	(148)

Notes to the Financial Statements

	Carrying Amount	\$,000 (thousands)				
		Contractual Cashflows				
		Total	< 1 year	1-2 years	2-5 years	5+ years
2020						
Cash and Cash Equivalents	2,753	2,753	2,753	-	-	-
Other Financial Assets	271	271	271	-	-	-
Trade and Other Receivables	799	799	799	-	-	-
Employee Benefit Liability	(473)	(473)	(325)	-	-	(148)
Income Received in Advance	(132)	(132)	(132)	-	-	-
Trade and Other Liabilities	(1,545)	(1,545)	(1,545)	-	-	-
Other Provisions	(90)	(90)	(90)	-	-	-
	1,583	1,583	1,731			(148)

18.4. CREDIT RISK: Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to HRNZ.

In order to manage this risk, HRNZ places its available cash and short-term investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective entities. HRNZ does not hold any collateral as security or other credit enhancements with respect to its exposures.

There is a concentration of credit risk with respect to current receivables outside HRNZ in that the Code Funding Receivable from TABNZ represented approximately 0% (2020 approximately 5%) of the total current receivables balance.

	Carrying amount	Credit rating	
		AA-	Unrated
		\$,000 (thousands)	
2021			
Cash and Cash Equivalents	2,682	2,682	-
Trade Receivables	3,066	-	3,066
Loans and Advances	87	-	87
	5,835	2,682	3,153

	Carrying amount	Credit rating	
		AA-	Unrated
		\$,000 (thousands)	
2020			
Cash and Cash Equivalents	2,707	2,707	-
Trade Receivables	799	-	799
	3,506	2,707	799

NOTE 19 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities as at 31 July 2021 (31 July 2020: nil).

NOTE 20 EVENTS SUBSEQUENT TO BALANCE DATE

The Board and Management continue to plan and mitigate the ongoing impacts and uncertainties arising from the Covid-19 pandemic, which has become part of their ongoing operating considerations.



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Independent auditor's report to the Members of Harness Racing New Zealand Incorporated Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Harness Racing New Zealand and its subsidiaries ('The Group') on pages 3 to 22, which comprise the consolidated statement of financial position of the Group as at 31 July 2021, and the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 3 to 22 present fairly, in all material respects, the financial position of the Group as at 31 July 2021 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

This report is made solely to the Group's members as a body. Our audit has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Group Financial Statements* section of our report.

We are independent of the Group 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 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 interest in, the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Board of Directors' responsibilities for the consolidated financial statements

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group'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 Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (New Zealand) 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.

Report on the other legal and regulatory requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by the company as far as appears from our examination of those records.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Chartered Accountants
Christchurch
30 September 2021

APPENDIX

FINANCIAL RESULT COMPARED TO BUDGET

The following table summarises the comparison of HRNZ's operational results against budget.

HRNZ OPERATIONS COMPARED TO BUDGET				
31 July 2021				
	ACTUAL	BUDGET	ACTUAL	BUDGET
	2020/2021	2020/2021	2019/2020	2019/2020
		<i>Unaudited</i>		<i>Unaudited</i>
HRNZ ADMINISTRATION				
Revenue				
Covid19 Wage Subsidy	49	-	426	-
Fees	919	797	884	884
Fines	62	80	75	100
HRNZ Allocation from TABNZ Funding	3,435	3,918	2,747	3,993
Interest Income	9	4	9	5
Revenue from TABNZ including TABC4	45,716	40,831	35,350	44,100
Sales of Goods and Services & CBHL	1,338	136	1,274	2,916
Share of Surplus (loss) in Associate	-	-	166	-
Administration Revenue	51,528	45,766	40,931	51,998
Expenditure				
Corporate Services & Cost of Sales CBHL	1,023	1,489	1,387	3,904
Education	228	268	239	280
Funding Policy - Payments to Clubs	40,398	40,725	35,115	44,200
Governance	211	242	226	280
Horse Welfare and Rehoming	87	175	40	180
Industry Initiatives	532	501	1,038	813
Impairment of Investment	307	-	360	-
Information and Technology	599	625	536	590
Marketing and Media	808	888	704	917
Racing	858	717	760	749
Depreciation	125	130	175	181
Total Expenditure	45,176	45,760	40,580	52,094
NET HRNZ ADMINISTRATION			351	(96)
NETT SURPLUS (DEFICIT)	6,352	6	351	(96)



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